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Southeast Asia Report



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24 NOVEMBER 1986

SOUTHEAST ASIA REPORT

CONTENTS

AUSTRALIA

Officials Want Timor Gap Negotiations Speeded Up (Melbourne Overseas Service, 27 Oct 86).....	1
Government Urged To Join Action Against Syria (Melbourne Overseas Service, 27 Oct 86).....	2
Senator Says PRC Wants Australian Role in Cambodia (Melbourne Overseas Service, 2 Oct 86).....	3
Reduced Japanese Coal Imports Worry Ministers (Melbourne Overseas Service, 28 Oct 86).....	4
Briefs Uranium Export to Taiwan Sought	5

FIJI

Labor-NFP Parties Unite, Manifesto Prepared (Umendra Singh; THE FIJI TIMES, 10 Oct 86).....	6
--	---

INDONESIA

Suharto on Possible Next Term (ANTARA NEWS BULLETIN, 21 Oct 86).....	7
Energy Cooperation With ROK (BUSINESS NEWS, 31 Oct 86).....	8
Ginanjar Invites Taiwan Investment, Explains Investment Policy (ANTARA NEWS BULLETIN, 30 Oct 86).....	10

Taiwan To Increase Imports, Boost Bilateral Trade (ANTARA NEWS BULLETIN, 31 Oct 86).....	12
Editorial Views Proposed ASEAN Common Market (BUSINESS NEWS, 31 Oct 86).....	13
Krakatau Steel Reports Increase in Sales Value, Production (ANTARA NEWS BULLETIN, 30 Oct 86).....	16
Briefs	
Bulog Rice Stock	17
EEC Investment	17
Transmigration to Ceram Island	17
Submarine Cable System Commissioned	17

LAOS

Leaders Greet Romania on National Day (KHAOSAN PATHET LAO, 23 Aug 86).....	19
Trade Ministry Views Economic Reforms (VIENTIANE MAI, 11 Sep 86).....	21
Export Unit Aimed at Socialist Bloc Opened (VIENTIANE MAI, 15 Sep 86).....	22
Sayaboury Gets UNHCR-Aided Hospital (SATHALANASOUK [PUBLIC HEALTH], No 9, 1986).....	23
Thai Psywar, Subversion in Champassak; Youth Enlist (Khemthanou Koumphonhakdi; NOUM LAO, 15-21 Jan 86).....	24
Route 10 Construction Progress in Vientiane (Niti; GNAOVASON LAO, Mar 86).....	26
Column: Salaries Based on Performance, Not Education (VIENTIANE MAI, 18 Sep 86).....	27
Permission for Marriage, Cadre Status Noted (VIENTIANE MAI, 25 Aug 86).....	28
Briefs	
Yugoslav Medical Aid	29
Luang Prabang Banking	29
Luang Prabang Lumber Production	29
SRV-Aided Hydropower Dam in Oudomsai	29
District Public Security Operations	30
Profits to Treasury	30
Nam Ngum Fisheries Profitability	30
Army Medicine Factory, Profits	30

Route 13 Road Repair	31
Champassak District Congress, Membership	31
Champassak Coffee Sales, Prices	31
USSR Aid Agreement	31

MALAYSIA

Bumis To Get 30 Percent of Contracts (BUSINESS TIMES, 7 Oct 86).....	33
Less Red Tape for Foreign Investors (Dorothy Toeh, Hellen Tan; THE STAR, 7 Oct 86).....	34

NEW ZEALAND

Editorial Welcomes U.S. Pacific Fishery Deal (THE NEW ZEALAND HERALD, 22 Oct 86).....	35
Lange 'Accepts' French Report on Agents (AFP, 24 Oct 86).....	36
Double Taxation Convention Signed With India (THE NEW ZEALAND HERALD, 18 Oct 86).....	37
Government Considers Nuclear Safety Agreements (THE NEW ZEALAND HERALD, 7 Oct 86).....	38
Trade Mission Boosts Exports to Micronesia (THE NEW ZEALAND HERALD, 22 Oct 86).....	39
Reportage on Unemployment Figures (THE EVENING POST, 21, 23 Oct 86).....	40
Government Attacked	40
Forecast Revised Upward	41
Editorial Examines Problems	42
Deficit Predicted To Follow 85-86 Pattern (Denise Ryan; THE EVENING POST, 22 Oct 86).....	44

PAPUA NEW GUINEA

Budget Constraints Affect Military (PAPUA NEW GUINEA POST COURIER, 28 Oct 86).....	46
Paramilitary Organization Envisaged, by Angwi Hriehwazi	46
Military Recruiting Halted	47

PHILIPPINES

Marcos Loyalists' Use of U.S.-Owned Radio Condemned (Ka Edong; THE MANILA CHRONICLE, 1 Nov 86).....	48
Graft Charges Filed Against Marcos' Son-in-Law (AFP, 4 Nov 86).....	50
Aquino Denies Coalition February 86 Accord With Enrile (David C. Borje; THE NEW PHILIPPINES DAILY EXPRESS, 1 Nov 86).....	51
Japanese Loan To Be Used as Counterpart Funding (Michael D. Marasigan; BUSINESS DAY, 4 Nov 86).....	52
Korean Employer Willing To Meet Kidnappers' Demands (AFP, 3 Nov 86).....	54
Government To Pay Nuclear Plant's Obligations (THE MANILA CHRONICLE, 5 Nov 86).....	55
Anticommunist Group Formed in Zamboanga (Vic M. Alvarez; THE MANILA TIMES, 4 Nov 86).....	56
Helicopter Said To Bring Arms to Capiz Rebels (BUSINESS DAY, 4 Nov 86).....	58
Group Discloses Existence of Warlords (Carmel M. Pizarro; BUSINESS DAY, 5 Nov 86).....	59
Military Radio Station Announces New Programs (THE MANILA CHRONICLE, 1 Nov 86).....	61
240 Manila Barangays Said 'Affected' by NPA (THE MANILA CHRONICLE, 30 Oct 86).....	62
Clashes Reported in Lanao, Pangasinan Albay (Manila Far East Broadcasting Company, 3 Nov 86).....	63
Cebu NDF Seeks Role in National Cease-Fire Talks (AFP, 4 Nov 86).....	64
Radio Veritas on Campaign To Spread Rumors (Manila Radio Veritas, 5 Nov 86).....	65
Editorial Urges Tolerance of Different Opinions (MANILA BULLETIN, 5 Nov 86).....	67
CHRONICLE on Dangers of Continuing Arms Traffic (Editorial; THE MANILA CHRONICLE, 4 Nov 86).....	68

MALAYA on Need for Good Faith in Cease-Fire (Editorial; ANG PAHAYAGANG MALAYA, 4 Nov 86).....	70
Columnist on NDF's 100-Day Cease-Fire Proposal (Ninez Cacho-Olivares; BUSINESS DAY, 3 Nov 86).....	72
Columnist Warns of CPP's Ultimate Goal (Jesus Bigornia; MANILA BULLETIN, 5 Nov 86).....	74
Economic Indicator on Decline of Gold Output (BUSINESS DAY, 4 Nov 86).....	75
Debt Service Comprises 40 Percent of 1987 Budget (MANILA BULLETIN, 4 Nov 86).....	77
Peso Depreciates 9.27 Percent (BUSINESS DAY, 5 Nov 86).....	79
Briefs	
Balweg Urges NPA Help	81
Graft Charges Against Marcos Kin, Officials	81
Military Accused of 'Provocation'	81

SINGAPORE

Two Grim Years Foreseen for Economy (BUSINESS TIMES, 4 Oct 86).....	82
--	----

VIETNAM

INTERNATIONAL RELATIONS, TRADE, AND AID

Economic Cooperation With CEMA, Soviet Union Moves Ahead (SAIGON GIAI PHONG, 10, 11 Sep 86).....	83
Relations With CEMA Bloc, by I. U. Brajenkov	83
Cooperation With Soviet Union	85

PARTY ACTIVITIES AND GOVERNMENT

Draft Report to Fourth Congress of Party Organization (NHAN DAN, 19 Sep 86).....	87
---	----

AGRICULTURE

Income Disparities in Rural Areas Discussed (Huu Tho; NHAN DAN, 5 Sep 86).....	95
Decline of Subsidiary Food Crops in Song Be Discussed (Cuu Long; NHAN DAN, 15 Jul 86).....	102

Contracted Hog Raising in Ho Chi Minh City Area Termed Success (Phuong Nam; NHAN DAN, 15 Jul 86).....	105
--	-----

HEALTH, EDUCATION, AND WELFARE

News Media Criticizes Public Corruption, Malfeasance (LAO DONG, various dates).....	108
High Level Malfeasance in Office, by Nguyen An Dinh	108
Corruption Abounds, by Nguyen An Dinh	111
Criticism, Self-Criticism of Press, by Le Dien	117

/12223

AUSTRALIA

OFFICIALS WANT TIMOR GAP NEGOTIATIONS SPEEDED UP

BK270915 Melbourne Overseas Service in English 0830 GMT 27 Oct 86

[Text] Australian officials say they want to speed up negotiations with Indonesia on the seabed boundary between the two countries known as the Timor Gap. The officials say it is hoped that an informal meeting in Jakarta on Thursday will reach an understanding on several key issues in the lengthy negotiations. From Canberra, Graeme Dobell reports:

[Begin Dobell recording] Officials say the formal meetings on the boundary in the Timor Sea had been infrequent and slow to achieve anything. The so-called working meeting in Jakarta on Thursday will be attended by five Australian officials from the Departments of Foreign Affairs, Resources and Energy, and the Attorney General's Department. The meeting will try to get agreement on the geographic area to be covered by the joint development zone which will be used to exploit oil and gas reserves.

It will also try to answer the question of how long the joint zone will be operated by Indonesia and Australia and what will happen at the end of that period.

Australian officials hope the working meeting can achieve a framework for agreement which can then be adopted by the next formal round of talks. The Jakarta discussions will fix the date for that next round which might not take place until early next year. [end recording]

/9738

CSO: 4200/107

GOVERNMENT URGED TO JOIN ACTION AGAINST SYRIA

BK270745 Melbourne Overseas Service in English 0430 GMT 27 Oct 86

[Text] The federal opposition has called for the withdrawal of Australia's ambassador to Damascus. The opposition foreign affairs spokesman, Mr Peacock, said Australia must either withdraw its ambassador or support Britain in implementing other measures against Syria such as possible economic sanctions.

Britain cut diplomatic relations with Syria at the weekend after claiming it had conclusive evidence of Syrian involvement in an attempt to bomb an Israeli El Al airliner in London.

Mr Peacock said Australia had done nothing to support the United States and British actions against Libya in response to the terrorist attacks at Rome and Vienna airports and it was now failing to act against Syrian involvement in terrorism. The opposition spokesman said those who sponsored international terrorism must realize they would suffer diplomatic, economic, and other costs. He said the government had failed to give effect to a cabinet decision in January and match its promised concerted international cooperation in the fight against terrorism.

A Radio Australia correspondent in Canberra, Tony Hill, said officials from the British High Commission in Canberra held weekend talks with the Foreign Affairs Department over possible Australian support for Britain's diplomatic sanctions against Syria.

A spokesman for the department said there had been no request for specific Australian action, but there had been a general call for supportive measures.

/9738

CSO: 4200/107

AUSTRALIA

SENATOR SAYS PRC WANTS AUSTRALIAN ROLE IN CAMBODIA

BK020948 Melbourne Overseas Service in English 0830 GMT 2 Oct 86

[Text] An Australian Government Senator, Kerry Sibraa, says he believes that China views Australia as an honest broker which could have a role in helping resolve the Kampuchean conflict. Senator Sibraa is leading a delegation to China from the Australian Parliament's Joint Committee on Foreign Affairs and Defense.

Senator Sibraa says he has been surprised by the warm expression of friendship towards Australia shown by Chinese leaders he has met. He said he spoke to Foreign Minister Wu Xueqian about his meeting last week at the United States in which he discussed Kampuchea with the Australian Foreign Minister Mr Hayden.

Senator Sibraa said Australia could possibly act as an intermediary because it is seen as having no political bellow to push on the issue. Radio Australia's Beijing correspondent, Richard Andrews, says the idea of Australia acting as an intermediary was proposed some time ago but opposed by countries such as Indonesia. However, last month in Beijing, Prince Norodom Sihanouk, the president of the anti-Vietnamese coalition in Kampuchea, also said Australia could have an influence because of its proximity to Indochina.

/9738

CSO: 4200/107

REDUCED JAPANESE COAL IMPORTS WORRY MINISTERS

BK280913 Melbourne Overseas Service in English 0830 GMT 28 Oct 86

[Text] The federal government says it is concerned at the possibility of significant cuts in price and volume of Australia's coal exports to Japan. Australia is one of Japan's biggest coal suppliers. A joint statement by the trade minister, Mr Dawkins, and the resources and energy minister, Senator Evans, said the cuts would have implications for employment in Australia's coal industry and for the country's overseas earnings. Our national affairs reporter, Tony Hill, says Japanese importers have warned of a fall in demand for coking coal and a greater demand for lower grade coal because of problems in the country's steel industry.

[Begin Hill recording] It is estimated that the reductions foreshadowed at the latest Australia-Japan coal negotiations could cut \$100 million [currency not further specified] from Australia's coal exports.

The Australian miners union has called a series of 24-hour stoppages to consider response to the reductions, which it believes could cause the loss of 2,000 jobs. The statement from the trade minister and the resources and energy minister said Australia recognized the problems facing the Japanese steel industry because of the revalued yen. But it said the revaluation also effectively lowered coal costs. The government said Japanese pleas for understanding would carry more weight if there were potent, economically rational terms. It said the problems could be tackled by increased purchases of Australian coal rather than continued purchases of other--higher priced--coal.

A downturn in demand from Japan should not occur it said, at the expense of the Australian coal industry, which was efficient, reliable, and competitive. The ministers said they will be closely reviewing the situation to ensure that Australia suppliers did not try to undercut each other on price to the detriment of the overall industry. [end recording]

/9738

CSO: 4200/107

AUSTRALIA

BRIEFS

URANIUM EXPORT TO TAIWAN SOUGHT--The Australian Democrats say documents leaked to an anti-uranium group show that mining companies believe the federal government's ban on new uranium mines will be dispensed with next year. BP Australia yesterday authenticated documents leaked to the People for Nuclear Disarmament Group showing the company had sought government approval to export uranium to Taiwan. The documents detailed an approach from Taiwan's state power agency asking for 5,000 tons of uranium oxide for the next 10-15 years. However, a spokesman for the trade minister, Mr Dawkins, said no licenses had been issued nor would they be given because Australia and Taiwan did not share a nuclear safeguard agreement. The leader of the Democrats, Senator Haines, said the documents show that mining companies expect to conclude a uranium export deal in which Taiwan would receive Australian uranium via an intermediary. [Text] [Melbourne Overseas Service in English 0830 GMT 25 Oct 86 BK] /9738

CSO: 4200/107

LABOR-NFP PARTIES UNITE, MANIFESTO PREPARED

Suva THE FIJI TIMES in English 10 Oct 86 p 1

[Article by Umendra Singh]

[Text]

The National Federation Party and the Fiji Labour Party have reached an agreement on a coalition, party officials confirmed yesterday.

The two parties will have a joint selection committee, with at least one representative of the Western United Front, to select candidates for the next general election.

The Leader of the Opposition, Mr Harish Sharma, said yesterday: "Yes, agreement on coalition has been reached."

He said the negotiating teams from the NFP and Labour Party were now finalising details of the Coalition's manifesto.

Senior Labour Party men, who did not want to be named, said only minor details were left to be ironed out.

"But there is no doubt at all now that the NFP and Labour, along with the WUF, will present a joint front against the Alliance in the general election," a Labour official said.

Mr Sharma said talks on a manifesto for the "common front" were going smoothly.

"We haven't met recently but hopefully we will meet next week when we will discuss our submissions to the Boundaries Commission," he said.

Mr Sharma said details of how candidates would be selected had not been worked out yet.

The Fiji Times understands that three representatives each from NFP and Labour will be on the selection team.

The Labour side believes that the WUF representatives should be part of the three-member NFP team, while WUF is pushing for its own, separate representatives on the selection committee.

Mr Sharma said the question of election symbols had not been decided yet.

But it is believed that both the NFP's tree and Labour's germinating coconut symbols will be used.

Mr Sharma said the question of who would be Prime Minister if the Coalition won the general election had not been resolved yet.

/9274

CSO: 4200/101

SUHARTO ON POSSIBLE NEXT TERM

Jakarta ANTARA NEWS BULLETIN in English 21 Oct 86 p A 1

[Text] Jakarta, 21 Oct (ANTARA)—Retired Army General Soeharto has asked for one thing if he was reelected to take his post as president for the next 1988-1993 term.

The request was that the Congress must immediately stop him and appoint his successor if mid-way through the five year period the people think he was not capable of carrying out the task.

The President stated that in his capacity as the Golkar (functional group) supervisor when he made a speech to highlight the 22nd Golkar anniversary at the Senayan Convention Hall here Monday night.

Soeharto admitted that he was afraid when hearing the people's requests asking him to stand again for the next term.

"I praise and thank for such genuine request, but as a human being I frankly say that my heart is trembling and fear overwhelms me," he said, adding that this was not because he was afraid of the heavier task that would challenge him but because of the bigger hope of the people to successfully realize the national development programmes.

"I feel that I am not superior to other people, I even feel that I have many weaknesses," he noted

The President said that he and his wife were filled with doubt whether he was still capable of bearing the people's trust on him, but the large audiences unanimously responded "sure you are!".

Soeharto said he believed in the people's wish and wisdom in electing their representatives to sit in high government positions.

He once again stressed his request that he must be immediately replaced when the people think he was not capable of carrying out the task.

/9274

CSO: 4200/105

ENERGY COOPERATION WITH ROK**Jakarta BUSINESS NEWS in English 31 Oct 86 pp 3, 4****[Text]**

Indonesian and the Republic of Korea will hold a meeting in Seoul, the Korean capital, November 3-5, for the discussion of a cooperation in the field of energy, Minister of Mines and Energy Subroto has said.

Speaking to the press after meeting with President Soeharto at the Bina Graha presidential office here Wednesday, Subroto further disclosed that such a meeting will be held each year by turn in Jakarta and in Seoul, to discuss cooperation in oil and gas, coal, and other sources of energy.

The cooperation projects between the two countries in Indonesia include off-shore oil exploitation by Kodeco in Madura, which now produces 20,000 barrels per day, while efforts are still underway to increase the output.

The Madura offshore oilfield also produces approximately 40 trillion standard cubic feet of gas per day, estimated to last for 20 years.

A coal project is also operating in East Kalimantan and discovered reserves holding 517 million tons of the mineral.

A South Korean company is also cooperating with Aneka Tambang in exploring possibilities in the processing and marketing of bauxite and nickel ore.

Korean technical assistance is also provided in the promotion of cooperation in the field of energy. The Korean Mining Corporation is working together with Perum Batubara (coal mining company) while a Korean electricity company is co-

perating with the PLN (state electricity corporation).

The ministries of mines and energy of the two countries are also committed to a cooperation scheme on the training of mining experts, teachers in mapping, the application of computers in management, manpower and occupational safety.

The Indonesian delegation to the Seoul meeting will be led by Minister Subroto.

On last October 12, Indonesia realized its first shipment of 126,000 cubic meters of LNG to South Korea under a purchase contract covering a period of 20 years.

About 2 million tons of LNG are planned to be shipped to South Korea each year, Minister Subroto said.

/9274

CSO: 4200/105

GINANJAR INVITES TAIWAN INVESTMENT, EXPLAINS INVESTMENT POLICY

Jakarta ANTARA NEWS BULLETIN in English 30 Oct 86 p A8

[Text] Taipei, 30 Oct (ANTARA)--Junior Minister for the Promotion of Domestic Products Ginandjar Kartasasmita has formally invited Taiwan to make investments in Indonesia, offering the abundant natural resources, potential market, favourable business climate which were supported by political stability.

Addressing the second joint meeting of Taiwan Committee for Chamber of Commerce and Industry and the Indonesian Chamber of Commerce and Industry (KADIN) here Thursday, Ginandjar underlined that Indonesia was turning increasingly into an open and market oriented economy.

Describing the favourable business climate Ginandjar mentioned the fact that Indonesia exercised no restrictions on the movement of currencies, "almost a rarity in our contemporary world, certainly in the developing world."

Under the regulation the overseas investor has no problem whatsoever as regard to transfer of profits or repatriation of capital.

Investment Climate

In an effort to provide an attractive investment climate, the government had issued the Foreign Investment law in 1967 encouraging direct foreign investment by licencing a right business entry and providing various incentives,

The drive was followed by the reforms in the investment application procedures in 1984 and again in 1985, which had vastly simplified the procedures previously considered cumbersome.

In the field of trade the government had issued the 6th May package involving efforts to enhance the competitiveness of non oil and gas exports by allowing exporters greater access to imported inputs in situations where domestically produced substitutes cannot be obtained at comparable prices.

Basically, the 6th May measures allow for greater access of foreign investor to the Indonesian market, he explained.

The government had also taken a further follow-up to the devaluation of 45 percent of the Rupiah against the U.S. dollar adopted last month by introducing a new set of changes last week.

The measures were designed to maintain the trust of investors in the economy, lower the cost of doing business and open up new investment opportunities.

"Swap" Facilities

Among the most important for investors is the "swap" facilities, Ginandjar said. It meant facilities allowing businessmen to repurchase any amount of foreign currency at the rate it is converted into Rupiah which is being made unlimitedly available. It also meant that Rupiah is made available for joint venture at an interest rate not higher than that provided by state owned banks.

Access to the Indonesian market had also been expanded by allowing new investors to buy shares directly in existing local companies.

Formerly, foreign capital could only be used to establish new companies and not buy into existing ones.

Ginandjar had also mentioned political and social environment that were essential for investors.

He stated that politically, "Indonesia is among the most stable countries in the world, certainly among developing countries."

/9274

CSO: 4200/105

TAIWAN TO INCREASE IMPORTS, BOOST BILATERAL TRADE

Jakarta ANTARA NEWS BULLETIN in English 31 Oct 86 p A4

[Text] Jakarta, 31 Oct (ANTARA)--Taiwan is ready to assist Indonesia both in trade and industry considering that the Asean member country has vast natural resources.

This was stated by the chairman of the economic cooperation commission between the Indonesian Chamber of Commerce and Industry (Kadin) and Taiwan businesses, Koo Jeffry, at the opening of a session of the commission in Taipei, capital of Taiwan, Thursday.

ANTARA reported from Taipei that the trade between the two countries in the 1970's increased 14 to 40 percent, and in 1980 it reached an all-time high of US\$1.18 billion.

In 1981-1982, however, the trade between the two countries dropped sharply by about 20 percent, partly due to the world recession. But since the first nine months of 1986 Taiwan's exports to Indonesia jumped by 63 percent to US \$390 million.

The bilateral trade in the first nine months of 1986 increased 48.8 percent to US\$561.7 million, he added.

In a bid to boost the bilateral trade Taiwan plans to increase the purchase of coal, liquefied natural gas (LNG), plywood and crude oil from Indonesia.

Taiwan has plans to import some 1.5 million tons of Indonesian LNG per annum estimated at US\$400 million beginning in 1989, he said.

The country will also increase its plywood imports from Indonesia as it is facing a shortage of logs as raw material.

Jeffry also hoped Indonesia would increase its purchases of goods from Taiwan, particularly machine tools, automotive spareparts, and electronic products.

/9274

CSO: 4200/105

EDITORIAL VIEWS PROPOSED ASEAN COMMON MARKET

Jakarta BUSINESS NEWS in English 31 Oct 86 p 2

[Editorial: "Europe Suggests an ASEAN Common Market"]

[Text]

When a ministerial meeting was held here last week between ASEAN and the European Communities, the EC side indicated that an ASEAN common market will create a major attraction for Europe to make investments in ASEAN countries. The spokesman was EC Commissioner Claude Cheysson, who was once the ambassador of France in Jakarta.

Such an idea deserves appreciation, apart from the question whether this suggestion is practical or not. Only EC, with its great interest in ASEAN, has the courage to propose something that can be taken as "an intervention in another's domestic affairs". On the other hand, the Jakarta people who know former ambassador Cheysson still remember that he is a very intelligent man, but is fond of "patronizing".

The idea of the "Asean Common Market" has happened to become a current topic since the visits to Jakarta and Singapore of Philippine President Cory Aquino recently. At that time Philippine Economic Minister Jose Concepcion made the suggestion "to set up an ASEAN common market in the year 2000". His account at a press conference entered world news channels, and also gave the impression that the host country (Indonesia) consented to it.

This impression is mistaken. From the statements of several economic ministers we can conclude that Indonesia remains skeptical towards the concept.

Singapore is also doubtful because that country has a very liberal trade regime, practically without import duty. If it later joins the ASEAN common market it will have to impose common external tariffs on various goods. Then Singapore will have to change its trade orientation, from global to regional orientation.

Minister Conception's attitude is also puzzling, because in Manila he is reputed for his firmness in maintaining the system of protection for the domestic industry. If Malaysia is in favour of the common market, it is believed that the motive is to guarantee the market of its Proton Saga cars. Hence the protectionism of a single nation possibly is supposed to be projected towards ASEAN. This will not be favourable.

The ministers in Indonesia still stick to their traditional view. Being aware that Indonesia's industrialisation is not yet mature and has not reached an adequate level of efficiency, they have some fear of free competition with neighbouring countries.

Another argument we can also hear is that Indonesia and the other ASEAN nations are today still struggling under the unfavourable circumstances of recession and low economic growth, and the main domestic task is to restructure their respective economies, rather than dream of something for the year 2000. The idea of the ASEAN common market is considered "impractical" at present, and one should not waste time and thought on it. If each of the ASEAN countries can get out of the recession with a sound economic condition, then the whole of ASEAN will naturally be strong.

However, next year ASEAN will mark its 20th anniversary, and a summit meeting between heads of states and governments is already planned. There is also agreement that economic cooperation should be enhanced. Ten years have passed after the Bali Concord in 1976, so the outcome of this economic cooperation in the form of PTA (for trade) and AIJV (for investments) is not very impressive.

Indonesia is considered most hesitant towards cooperation in the field of trade, due to its protectionist sentiments. Therefore, the summit in Manila next year will considerably depend on Indonesia's attitude and proposals.

If Indonesia fails to approve the concept of the ASEAN common market, what can it propose as a better alternative? In fact, an alternative that does not deviate from the concept of PTA and AIJV was already proposed by the ASEAN Task Force several years ago, viz. the implementation of PTA in a far more progressive manner, without being restricted by various exceptions. However, the report of the task force is shelved and forgotten after being accepted by the session of ASEAN ministers. It means that more progressive realisation of PTA and AIJV is not practical either. If such is the case, what is practical then?

The question is that the political will to increase intra-ASEAN economic cooperation is not sufficiently strong yet. More popular is cooperation

in trade politics to face other countries or blocs, for instance, the joint action to request Europe for bigger quota of garments.

This is even impractical today, because under the current recession competition becomes more intense between ASEAN nations in the sphere of primary commodity marketing.

So, what next ? Indonesia is expected to show its leadership. But what can Indonesia offer ? In the meantime it is better not to reject the idea of the ASEAN common market a priori, but it is worthwhile to test its benefit.

/9274

CSO: 4200/105

KRAKATAU STEEL REPORTS INCREASE IN SALES VALUE, PRODUCTION

Jakarta ANTARA NEWS BULLETIN in English 30 Oct 86 p A3

[Text] Jakarta, 30 Oct (ANTARA)--The sale value of PT. Krakatau Steel's products from January to September 1986 stood at Rp. 248 billion or a rise by 43 percent compared to the same period of last year.

This was disclosed by PT. Krakatau Steel President Director Ir. T. Aribowo to the press after reporting to President Soeharto at Bina Graha here Wednesday.

He said that the sale value included proceeds of various products exported to several countries.

Aribowo said that export value of various steel products over the past nine months reached 160,000 tons or an increase of 78 percent compared to the same period of 1985 which stood at 90,000 tons, while its value rose by 132 percent namely from US\$16.2 million to US\$37.5 million.

"We are expecting this export value will reach US\$50 to US\$60 million by the end of this year," he added.

Most of its products such as steel plates went to Japan, the United States, China and other Asean countries.

The production of sponge iron also increased by 43 percent to 991,000 tons while steel rose by 52 percent to 329,000 tons from the previous year.

As for the production of steel bars, the figure rose by 0.5 percent this year to 217,000 tons while steel sheets went up by 97 percent to 446,000 tons.

President Soeharto hoped the state-run steel company would be able to enhance its efficiency as well as its export since the chance is still widely open after the government's devaluation policy.

/9274

CSO: 4200/105

BRIEFS

BULOG RICE STOCK--Jakarta, 21 Oct (ANTARA)--The Central Board of Logistics (Bulog) now has around 2.6 million tons of rice stock, a press release of the board said here Monday. It added that from January 1 to October 18, Bulog stored 1,513,249.62 tons of rice comprising 1,058,763.75 tons from Java and 454,530.87 tons from outside Java. The East Timor logistic depot (dolog) contributed 388.54 tons of rice and timber producing province of Central Kalimantan supplied 10.17 million tons of rice to the logistics board, it said. [Text] [Jakarta ANTARA NEWS BULLETIN in English 21 Oct 86 p A7] /9274

EEC INVESTMENT--Jakarta, 21 Oct (ANTARA)--Only six out of 12 EEC member countries have engaged in 170 investment projects in Indonesia with a total investment of US\$2,047 million. This was disclosed by Secretary of the Investment Coordinating Board (BKPM) TDV Situmeang to ANTARA here Monday. The six EEC countries are Belgium with 13 projects worth US\$89.52 million, Denmark with five projects worth US\$72.50 million, France with 17 projects worth US\$170.42 million, the Netherlands with 51 projects worth US\$671.57 million and Britain with 54 projects worth US\$553.62 million. Most of them are engaged in cattle feed, chemical, paper, metal, processed-food and construction industries. [Text] [Jakarta ANTARA NEWS BULLETIN in English 21 Oct 86 p A8] /9274

TRANSMIGRATION TO CERAM ISLAND--Ambon, 21 Oct (ANTARA)--The Maluku administration through the directorate of rural development of the province over the past two years resettled 499 families within the framework of the people resettlement project of the 1984/85 and 1985/86 fiscal years. Drs L. F. Tanasale told the press here Tuesday, the resettlers consisted of 140 families of the Banda Isle, 30 families of retired air force personnel and 56 families of Naulu ethnic group in Amahal subdistrict. Another 173 families came from the Saparua Island, 70 families from Pulauw village and 30 families from Kabau village. [Text] [Jakarta ANTARA NEWS BULLETIN in English 21 Oct 86 p A4] /9274

SUBMARINE CABLE SYSTEM COMMISSIONED--Jakarta, 29 Oct (ANTARA)--The submarine cable communication system of Australia-Indonesia-Singapore (SKKL-AIS) was Tuesday put into commission simultaneously in three places, Singapore, Jakarta and Perth. The submarine cable communication linking Singapore, Indonesia and Australia is 4,660 kilometers (2,913 miles) in length, whereas the Perth-Jakarta link is 3,649 km and the Jakarta-Singapore link 1,011 km. The

telecommunications corporation PT Indosat disclosed that the cable link would have the capacity to accommodate 1,380 telephone channels. At every 13.5 km a repeater is set up to reinforce signals and make sure that communications could go smoothly from point to point, said PT Indosat Director Jonathan L. Parapak. A total of 353 repeaters had been set up, comprising 78 repeaters in the Singapore-Jakarta leg and another 275 in the Jakarta-Perth leg. In the Perth-Jakarta leg which crosses the Indian Ocean and Sunda Straits the maximum depth is around 6,300 meters while in the Jakarta-Singapore leg crossing Java Sea the maximum depth is less than 60 m. [Excerpts] [Jakarta ANTARA NEWS BULLETIN in English 29 Oct 86 p A2] /9274

CSO: 4200/105

LEADERS GREET ROMANIA ON NATIONAL DAY

Vientiane KHAOSAN PATHET LAO in Lao 23 Aug 86 pp A1, 2

[Text] On 22 August Comrade Kaisone Phomvihan, the secretary general of the Central Committee of the LPRP and president of the Council of Ministers of the LPDR, and Comrade Souphanouvong, the president of the country and president of the Supreme People's Assembly of the LPDR, sent a telegram expressing our best wishes to Comrade Nicolae Ceausescu, the secretary general of the Central Committee of the Communist Party of Romania and president of the Socialist Republic of Romania, Comrade Constantin Dascalescu, president of the Council of Ministers of the Socialist Republic of Romania, and Comrade Nicolae Siosan, the president of the National Assembly of the Socialist Republic of Romania, on the 42d National Day of the Socialist Republic of Romania. The complete message is as follows:

"On the occasion of the celebration of the 42d National Day of the Socialist Republic of Romania and in the name of the Central Committee of the LPRP, the Supreme People's Assembly, the Council of Ministers of the LPDR, and the people of Laos, we would like to express our admiration and best wishes to you and through you to the Communist Party of Romania, the National Assembly, the Council of Ministers, and the people of Romania one and all.

"It was 42 years ago that the people of Romania raised the spirit of true nationalism and the spirit of the international proletariat in solidarity with the Red Army and the Soviet people, resisted the fascist Hitler group, liberated their nation and founded the Socialist Republic of Romania. Since then under the leadership of the Communist Party of Romania, the people of Romania have concentrated all their intelligence on building their nation, freeing Romania from backwardness, and becoming a socialist country with an expanding agriculture and industry, advanced technology, a strong defense, and a steadily improving standard of living.

"The accomplishments of the people of Romania include taking part in strengthening the socialist system and taking part in the struggle by the United Nations for peace, national independence, democracy, and social progress.

"On this occasion we would like to express our best wishes to the people of Romania led by Nicolae Ceausescu so that they might achieve even greater success than in the past in carrying out the resolutions of the 13th Party Congress of the Communist Party of Romania for building Romania into a growing socialist country.

"We would like to express our best wishes for your solidarity and friendship and for cooperation between the parties, states, and peoples of Laos and Romania that they might become closer and expand further."

On this occasion Comrade Phoun Sipaseut, a vice president of the Council of Ministers and foreign minister of the LPDR, has sent a telegram expressing our best wishes to Comrade Isivaduva, the foreign minister of the Socialist Republic of Romania.

8149

CSO: 4206/9

TRADE MINISTRY VIEWS ECONOMIC REFORMS

Vientiane VIENTIANE MAI in Lao 11 Sep 86 pp 1, 4

[Article: "Enterprises of the Trade Ministry Begin To Change to the New Business System"]

[Text] The change to the new business system by the principal units of grass-roots production is being carried out with great responsibility in all grass-roots production areas from the central authority to the localities as they strive for success.

The Trade Ministry selected the import-export corporation of the central authority to experiment with changing to the business system during the initial stage. At present the cadres and workers throughout the corporation are getting everything ready to use successfully this business method of operation in the beginning. Initially they conducted an inspection and inventory of fixed assets, circulating capital, and various debts. They also set up a plan for the movement and distribution of imports and exports for 1986 and improved the administrative system for enterprises, which are a combination of offices and production units, so that they were appropriate for real conditions.

Comrade Khamphouvi Phasaisitthidet, the head of the administrative office of the Trade Ministry, reported that at present the Trade Ministry has five enterprises which must change to the business system. They are the import-export corporation, the industrial corporation, the Lao fuel oil corporation, the technical equipment supply corporation, and the international store.

After the import-export corporation has been changed, they will proceed with the fuel oil corporation. All five of these corporations will have changed to the business system by the fourth quarter of 1986 according to Resolution 49 of the Council of Ministers in order to achieve a great and broadly based success to honor the [upcoming] Fourth Party Congress.

8149

CSO: 4206/9

EXPORT UNIT AIMED AT SOCIALIST BLOC OPENED

Vientiane VIENTIANE MAI in Lao 15 Sep 86 pp 1, 2

[Article: "A Branch of the Construction and International Shipping Corporation Opened in Savannakhet"]

[Text] On 10 September the corporation affiliated with the transportation, post, and construction service of Vientiane City opened a branch for construction and international shipping in Savannakhet Province. It operates under an economic system reoriented for new business and according to a resolution of approval from the party committee and administrative committee of Vientiane City and a resolution of approval from the party committee and administrative committee of Savannakhet Province concerning the opening of this branch.

There was an official ceremony for the opening, and the party committee and administrative committee of Savannakhet Province as well as the administrative committee and cadres of the construction and international shipping corporation of Vientiane City joined in. The purpose of opening this branch in Savannakhet Province, as Comrade Chanthavong Malaipet, the head administrator of the company, told VIENTIANE MAI, was this: primarily to expand the activity assuring the construction and shipping of goods to foreign countries, especially those in the east. It was meant especially for the shipping of goods from the LPDR to the ports of Danang and Ho Chi Minh City. In addition it was meant to assure the shipping of some goods to the west in a timely fashion.

The head administrator also said that this branch was able to be a representative for corporations in Vientiane City in providing the construction and shipping of goods within the six provinces of the south. This branch is felt to be the first branch of a corporation to expand to the provinces of the south. Now this branch is able to provide services in the construction and shipping of goods in support of customers.

8149

CSO: 4206/9

SAYABOURY GETS UNHCR-AIDED HOSPITAL

Vientiane SATHALANASOUK [PUBLIC HEALTH] in Lao No 9, 1986 p 12

[Article: "At the Support Level: A 30-bed Hospital for Paklai District"]

[Excerpt] The construction of the 30-bed hospital for Paklai District has been completed.

The people of Paklai District, which is affiliated with Sayaboury Province, generally settled along the bank of the Mekong River, which would be on the right if we were rowing a boat north. This district is the middle district of the three districts in the south of Sayaboury Province, which are: Paklai District, Boten District, and Ken Thao District. This district is more than 100 km from the provincial capital. In the north it borders Phiang District, in the east it borders the Mekong River, and in the southwest it borders Thailand. There are two mountain ranges surrounding it. It has a thick forest cover and many streams flowing into the Mekong River. The principal occupation of the people is dry-field and wet-field rice farming. Transportation is very difficult especially in the mountainous areas when the rainy season arrives. Travel between the central authority and the district depends on water routes. Travel between the district capital and the villages depends on manpower and local transportation.

Under the terms of the assistance agreement signed between the government of the LPDR and the United Nations High Commission for Refugees [UNHCR] concerning construction of a hospital to serve the people, the Ministry of Public Health assigned Sayaboury Province the task of constructing a 30-bed hospital in Paklai District under the First 5-year Plan of the state. The construction of the hospital was for health care and Sayaboury Province was in charge of the project, Provincial officials followed the construction constantly. This project was completed according to the goal in 1983. The expenses for building this hospital were for 153 tons of cement, 1,285 sheets of galvanized steel, 211 meters of steel rods, 180,000 bricks, 390 cubic meters of gravel, and 1,080 cubic meters of sand; it has a water system, an electrical system, one ambulance, one motorcycle, and one bicycle. The total cost of construction, equipment and medicine was \$202,000. Because of the attention of the party committee of the province in facilitating and supervising in cooperation with the administration, and because of the assistance of the mass organizations and the multiethnic people of Paklai District, the construction of the hospital was completed in good order. At present the hospital of this district is open and is operating normally.

THAI PSYWAR, SUBVERSION IN CHAMPASSAK; YOUTH ENLIST

Vientiane NOUM LAO in Lao 15-21 Jan 86 p 2

[Article by Khemthanou Koumphonphakdi: "A Thick Fence--A Strong Right Arm"]

[Excerpt] As we already know, during the last part of 1984 until 1985 the right-wing reactionaries among the Thai powerholders, under the orders of the Beijing reactionaries, created tension on the Lao-Thai border. This began in particular with the incident which involved their invasion of the three Lao villages in Sayaboury Province. The reactionary Thais have tried everything to cause armed skirmishes from the headwaters of the Ou River to the Liphirapids on the Mekong.

In the beginning of 1985 in Champassak Province the right-Wing reactionary Thais conducted many kinds of operations which were very violent, especially in Champassak District and Soukhouma District, which border Thailand. When they were not able to create a military crisis, they turned to psychological warfare and propaganda, which misrepresented the policies of our revolution. They used slander and propaganda to try to break the special solidarity between Laos, Vietnam, and Kampuchea. And most of all they tried to sabotage the setting up of agricultural cooperatives, cooperative stores, and other ties which the youth and the people have with the nation.

Nevertheless throughout 1985 the multiethnic youth of Champassak Province have maintained a high level of consciousness, have not been taken in by the deceptions of the enemy, and have always taken the lead in defending the peace and the fruits of the labor of our people.

Prominent among them are the young people in guerrilla units who have been working closely with the regional forces and have carried out many operations to suppress the influence of the spies, looters, and expatriot Lao reactionaries. They were able to kill 11 of the enemy on the spot and capture 9 who were wounded. There were six who surrendered.

Because they knew the political duties of the upper echelons and understood their own obligations to the revolution in this new era, 1,230 multiethnic youths from throughout Champassak Province gladly went to serve as soldiers in 1985, more than 50 volunteered for the police, and 3,500 volunteered for mobile guerrilla units.

The young people of Champassak Province not only are skillful in defending the nation and the peace but are also skillful in building the economy of the province, especially in building irrigation and transportation routes and most of all in working in agricultural cooperatives and raising coffee and tea for the province.

In 1985 the youth of the province built irrigation systems in 14 locations which were from 50 to 5,000 meters long and from 1 to 5 meters wide. Throughout the province there are 9,139 young people working in agricultural cooperatives; of these 365 are on administrative committees for cooperatives.

Another activity which the youth did well was to contract to raise more than 30,000 tons of coffee and tea on 20 hectares of gardens, for which they received 80,000 kip. In addition they contracted to process 392 tons of coffee beans and cardaman in exchange for 610,697 kip.

They contracted to transport 241 tons of goods for the trade corporation of the province, for which they received 18,868 kip.

They contracted to pour 180 cubic meters of concrete for the Selabam electrical project and received 72,000 kip. And they contracted for many other projects, all of which amounted to 1,300,000 kip.

8149

CSO: 4206/8

ROUTE 10 CONSTRUCTION PROGRESS IN VIENTIANE

Vientiane GNAOVASON LAO in Lao Mar 86 p 5

[Article by Niti: "Route 10"]

[Text] The committee responsible for the Route 10 construction project reported that at present construction on Route 10 is proceeding at a rapid pace and is 39 percent complete.

Route 10 is the road from Don Noun to Pakka-gnong, which means it links Saitthani District with Thoulakhom District by crossing the Nam Ngum River in the area of Tha Ngon.

The stretch they are constructing is 47,700 meters long. It links Tha Ngon with Pakka-gnong. When the project is completed, Route 10 will be paved with asphalt. It will meet international standards and be 8 meters wide with two layers of asphalt. The project received a loan from the Asian Development Bank. The Route 10 bridge construction corporation is responsible for construction.

Construction on this road began in October 1985 and continues now. The accomplishments are as follows: they constructed a road to carry rock from Ban Keun Village to Boung Phao which was 8,044 meters long and 8 meters wide, cleared land, bulldozed dirt up from the sides of the road and packed it down to an average depth of 65 cm, brought in red earth and packed it down to an average depth of 20 cm, and brought in gravel mixed with red earth in the ratio of one to one and packed it down to an average depth of 15 cm. They constructed this earthen road for 18,700 meters or 39 percent of the total.

Route 10 will have four bridges, a total of 120 meters long; these will be sturdy steel bridges guaranteed for 40 years. They installed steel culverts under the road in 98 locations with a total length of 1,683 meters. It is estimated that the road will be completed by the end of 1987. After Route 10 is completed, there will be a project to build a bridge across the Nam Ngum River at Tha Ngon. Travel from Vientiane to the Nam Ngum and Thalat will be possible with two lanes, one going and one coming, and so will be convenient. Salt mining, forestry, crop cultivation, and animal husbandry will be expanded and developed for use in defending the nation and building socialism in our country.

COLUMN: SALARIES BASED ON PERFORMANCE, NOT EDUCATION

Vientiane VIENTIANE MAI in Lao 18 Sep 86 p 2

["Conversations with Our Friends the Readers" column: "If Their Training Is the Same, Should Their Salaries Be the Same?"

[Excerpt] 1. Do those with training and those without training receive the same salary? Could the editor please explain this?

2. Does the salary level depend on the service or the organization or ministry?

I ask only this. I hope the editor will clear this up for me.

In ending, may the editor be in good health.

Vientiane, 5 September 1986 From Nong Latdaphon, Ban Nongphouviang Village

1. The level of training may be the same but the salaries different. This is because a salary really depends on the individual. Suppose the level of training is similar but the abilities are different; if one's outlook, etc. played a greater role, then this individual might receive a higher salary than someone with greater ability and qualifications. This is done because it depends on the principle that he who does much should receive much, he who does little should receive little, and he who does nothing should receive nothing. If you speak of obligations, many people might be reluctant to repay them if one did not look at it realistically and raise the example of our group and another group which came to work on the same day, studied in the same room, and got the same training, but when work really began, they were more skillful than we were: suppose that we replaced them at their job and did not have the ability to perform as they did--in this case it would be normal for them to get a higher salary than we did.

2. It is the branch involved which makes proposals to the next higher level for approval and confirmation of various views in detail. In general it is each section with which you are affiliated and with which you make proposals and decisions as a unit.

In ending I would like to wish you good luck in doing your duties. Goodbye.

PERMISSION FOR MARRIAGE, CADRE STATUS NOTED

Vientiane VIENTIANE MAI in Lao 25 Aug 86 pp 2, 4

["Conversations with Our Friends the Readers" column: "How Many Years Must We Work Until We Have the Right To Marry?"]

[Excerpt] To the editor:

1. How many years must we work to achieve the conditions for building a family. For some it is 3 to 4 years. Can you suggest how to deal with this?
2. What is the policy of the party and state for outstanding cadres?

I have been struggling and achieving results for I do not know how long--since the beginning. Why do I not have the right to become a cadre? Another person started work in 1985 and has already been made a cadre.

From Nongvisai Meuangneua 4 June 1986

1. Officially we do not have regulations that forbid marriage or specify the age for marriage or that if one is a cadre, one must work for so many years in order to be able to marry as was practiced in the past. If you are an older cadre or have just become a state worker, you have the right to get married; it is requested that the two parties (the two parties are the man and the woman) meet all the conditions. If the two parties meet all the conditions, the arrangements will definitely be permitted. The conditions are as follows: good performance at work, an outlook in keeping with the admonition that one should be a new socialist person, the couple should be very much in love, the relatives should not object, etc. If such is the case, then it is completely acceptable.

2. There are many things done for those who have qualities beneficial for the revolution and the nation. Some examples are: praise in the form of material goods, gifts of money, prizes, vacations, educational trips, further education, etc. As for how many years one must work to become a permanent cadre, you did not say if you were in administration or a state enterprise, so I cannot ascertain the details, however, I have an idea for you to look into: although in state enterprises there are many types of workers such as hired workers, daily workers, contracted workers, etc., in state administration when you start work you may become a permanent cadre from that day on if the organization permits it.

BRIEFS

YUGOSLAV MEDICAL AID--Recently the Lao Ministry of Public Health received for the first time some assistance in the form of medicine and medical equipment from the government of the Socialist Federal Republic of Yugoslavia. These goods weighed almost 4 tons and were valued at \$59,096. It came in 138 cases and included x-ray film, medicine for Khaiyoung [malaria] anti-biotics, and some medical equipment to help care for the sick. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 5 Sep 86 p A4] 8149

LUANG PRABANG BANKING--At present the masses in Oudomsai District of Luang Prabang Province have shown an interest in depositing money in savings accounts, and this is steadily increasing. In the past 6 months the masses of this district have deposited more than 142,000 kip in savings accounts in the district branch of the state bank and more than 7,000 kip in savings bonds. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 5 Sep 86 p A6] 8149

LUANG PRABANG LUMBER PRODUCTION--In the first 6 months of the year the cadres and workers of the corporation to exploit and process the lumber of Luang Prabang Province strove hard to achieve results to honor the Fourth Party Congress, which will open soon. This was shown in their actual results in that they exploited many thousands of cubic meters of logs, sent more than 360 cubic meters abroad valued at 29,070,000 kip, and sent 59 cubic meters to lumber mills valued at 257,700 kip. In the last 6 months of the year this corporation is expanding its exploitation and processing of timber by coordinating with the corporation to exploit and process the lumber of its allied province, Ha Son Binh, in the SRV. They are building a garage and two saw mills each 23 meters long, 7 meters wide, and 4 meters high. These are now 50 percent complete. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 22 Aug 86 p A3] 8149

SRV-AIDED HYDROPOWER DAM IN OUDOMSAI--The survey of the project to build a hydroelectric dam on the Mao River in Oudomsai Province was recently completed; it involved the cooperation and assistance of waterpower experts from the Ministry of Industry, Handicrafts, and Forestry of the SRV, which was coordinated with Lao specialists and young people from the military headquarters of Oudomsai Province. The survey began at the beginning of the year, and in the initial stage both Lao and Vietnamese specialists completed the collection of data for making estimates for the dam, surveyed the actual construction site, and examined the earth at the construction site in order to make a construction

plan later. This project will begin during the Second State 5-year Plan for constructing the economy under an agreement of cooperation between the ministries of industry of Laos and Vietnam which has already been signed. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 23 Aug 86 pp A7, 8] 8149

DISTRICT PUBLIC SECURITY OPERATIONS--In the morning of 23 August 1986 at the assembly hall of the Dan Sang agricultural cooperative, Saithani District, Vientiane City, the headquarters committee of the public security system of this district held a ceremony to summarize results and give out commendations to more than 100 of their cadres and combatants who were prominent in the operation to defend the past 2 historic days. Honored guests at the ceremony included Mr Thongkhoun Phengphachan of the standing committee of the party office, who is vice president of the administration of Saithani District, together with a number of cadres involved. On this occasion the organizing committee passed out pamphlets summarizing their operations to defend the 2 historic days to the meeting. They reported that the public security forces in Saithani District were able to destroy 36 members of the enemy's underground, attack the enemy 3 times, seize 3 weapons, and suppress 91 operations that have disrupted the peace of 317 people. At the same time the cadres involved organized 75 people into a village guerrilla unit and mobilized a drive to defend the peace at the level of the production base. [Excerpt] Vientiane VIENTIANE MAI in Lao 27 Aug 86 pp 1, 4] 8149

PROFITS TO TREASURY--In order to achieve meaningful results to honor the Fourth Party Congress which will open soon, the cadres and workers of the Phontong handicrafts cooperative, which is affiliated with the industry, handicrafts, and forestry service of Vientiane City, have from the beginning of July to the present worked especially hard. During this period they were able to produce 1,229.1 meters of cloth, 2,805 sets of those goods produced in sets, 1,963 sheets of those goods produced in sheets, and 3,233 pieces of clothing. This was valued at 2,844,308 kip. At the same time they distributed some of their goods to serve the masses, and the goods pleased everyone. They distributed 5,516 sets of goods, 5,543 sheets of goods, and 371 pieces of clothing. These were valued at 3,104,562 kip. They fulfilled their obligation to the budget with 137,090 kip. [Text] [Vientiane VIENTIANE MAI in Lao 11 Sep 86 p 1] 8149

NAM NGUM FISHERIES PROFITABILITY--The fishing corporation of the Nam Ngum River basin is important. It has an administration to apportion the work in detail. Each year it has been able to requisition at least 700 tons of fish and each year it has been able to fulfill its obligation to the state with at least 25 million kip. In 1983 this corporation was able to requisition 646 tons. In 1984 it requisitioned 653 tons, and in 1985 it requisitioned 858 tons. In 1985 alone it was able to fulfill its obligation to the state with 28 million kip. In the first 8 months of 1986 this corporation was able to remit 25 million kip, which is 93.30 percent of the plan for the year. [Excerpt] [Vientiane VIENTIANE MAI in Lao Sep 86 p 2] 8149

ARMY MEDICINE FACTORY, PROFITS--In struggling to carry out the plan for 1986 in general, and the plan for the first and second quarters in particular, which the factory had adopted to achieve real results and which primarily concerned the improvement of health care for our cadres and combatants, the cadres and workers of Army Medicine Factory 104 in the first 6 months of 1986 strove to do their special duties as a part of a drive. During this period they were able to achieve good results: they produced 4.1 million tablets, 113,599 capsules, 20,980 bottles of distilled water, 1,034 liters of xelom

solution, 24,960 liters of distilled water for preparing medicine, 2,546 liters of various kinds of herb tonics, and 2,000 boxes of boribun medicine. In addition they produced medicinal powder and tomkao and extracted 6,000 liters of local medicine. Of particular importance, during these 6 months they were able to produce vitamin B-12 for injection as well as pills and tonics for kakapke. All this was valued at 12.4 million kip and brought a profit of 3 million kip for the factory. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 12 Sep 86 pp A7, 8] 8149

ROUTE 13 ROAD REPAIR--At present, together with caring for the wet-field rice, road repair between villages in various localities of Champassak Province is receiving vigorous attention in a broad drive. The people of Pathoumphon District have struggled and repaired the southern part of Route 13 from the village at kilometer marker 16 of Ban Muang Canton to Ban Houai Ghang Village, Ban Boua Canton, which is more than 50 km long. The people of Ban Non Deng Neoua Village of Nonyang Canton, Soukhouna District, have repaired the 3-km stretch of demolished road within their village area. These results have made travel between localities more convenient and guaranteed a convenient and timely distribution system which encourages grassroots production. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 11 Sep 86 p A3] 8149

CHAMPASSAK DISTRICT CONGRESS, MEMBERSHIP--The second congress of the party organization of Pathoumphon District, Champassak Province, convened on 10 October with Comrade Sounthon Thepasa as president; he is a member of the party Central Committee and party secretary of Champassak Province. The 77 representatives of the more than 100 members throughout the district joined in. In the meeting after Comrade Khamven Douang-aphai, the district party secretary, had gone over the political report and the plan for the next 5 years, especially the plan for 1986-87, with the congress, the representatives studied it in detail in order to be unified and to use it in carrying out their duties successfully. The congress also voted for a new administrative committee of 11 members to lead the people of their locality and carry out the political duties of the party in protecting and building the economy of their locality so that it would grow and be strong. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 15 Sep 86 pp A7, 8] 8149

CHAMPASSAK COFFEE SALES, PRICES--In the first 6 months of 1986 the people of Champassak Province, especially in the area of Paksong District and Bachieng-chaleunsouk District, brought the harvest of their coffee cooperatives to sell to the state in a drive which was broader than last year. According to reports from the corporation buying forest products affiliated with the provincial trade service, they were able during this period to requisition almost 4,000 tons of coffee beans worth 300 million kip from the people producing them. They were also able to buy a great deal of cardamon and various forest products. In the last 6 months of the year they will requisition another 4,500 tons of coffee beans, 100 tons of cardamon, and various forest products according to the plan. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 25 Aug 86 p A6] 8149

USSR AID AGREEMENT--According to the TASS news service, on 24 July in the capital of the Soviet Union, Moscow, representatives of the governments of the LPDR and the Soviet Union together signed an agreement for economic and scientific cooperation for the next 5 years (1986-90). According to this

agreement the Soviet Union will give assistance for various construction projects for the purpose of developing the Lao economy, for example, the construction of large bridges and buildings in many locations. In addition the Soviet Union will help set up an organization for construction in transportation and a corporation to repair engines and will help introduce scientific techniques in many other areas, for example, in construction in public health, education, and culture. The Soviet Union will also help Laos in directing other activities where construction has been completed, including developing and supporting more leadership cadres in specialties. Mr Vanthong Sengmeuang, the minister of trade and vice president of the Lao Committee for Economic and Scientific Cooperation, and Mr Konstantin Katusev, the president of the State Committee for Economic Cooperation of the Soviet Union, were the signers of this agreement. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 26 Jul 86 pp A4, 5] 8149

CSO: 4206/8

BUMIS TO GET 30 PERCENT OF CONTRACTS

Kuala Lumpur BUSINESS TIMES in English 7 Oct 86 p 1

[Text]

A STEERING committee has been set up to compile a list of all contractors operating in the country to ensure that 30 per cent of contract work given out by the Works Ministry to locals goes to Bumiputeras.

Works Minister Datuk S. Samy Vellu said yesterday the committee was set up under his directive and chaired by Public Works director-general Datuk Talha Mohamed Hashim.

He told Bumiputera contractors attending a two-day forum on effective management of contracts in Johore Baru that he had also directed the director-general to issue a notice to Antah Biwater, the company awarded the \$1.4 billion rural water supply contract in February, that the PWD will undertake the awarding of sub-contract jobs meant for local contractors.

"We are very serious in our efforts to help the local contractors, particularly the Bumiputeras," he said.

The giant national rural water supply project involving 178 supply schemes to benefit at least two million of the rural population will generate some \$800 million in sub-contract jobs, he said.

On complaints from certain Bumiputera contractors about the Government's move to award the billion-ringgit contract to a British firm, Datuk Samy Vellu said the firm is actually a joint venture between a wholly-owned local Bumiputera company, Antah Holdings, and a UK-based company.

The minister explained that the British

Government had also given a "free grant" of \$240 million as well as a \$500 million loan at an interest rate of four per cent a year.

He also said prior to this, the British company had forked out about \$3 million to undertake a 24-year study of the country's water supply needs.

Datuk Samy Vellu also said his ministry will lay down several new conditions for foreign contractors to ensure that only those who are "bona fide", serious and honest will qualify for government contracts.

He said such a move is necessary as lately the ministry had come across several companies and individuals claiming to represent various foreign contractors.

These people, he said, claimed they were accredited by foreign companies to collect vital information on government development projects which they said was to enable the foreign companies make preparations to bid for the tenders.

They also filled in the forms of pre-qualification for the various tenders.

Datuk Samy Vellu said he will direct the directors-general of the PWD and the Malaysian Highway Authority to ensure anyone claiming to represent any foreign concern has proof of their accreditation before they are given any information.

The minister added they should also present photostated copies of the foreign contractors' registration certificate with the parties mentioned in the tender advertisement.

"For example, if the advertisement states that foreign contractors need to be registered with the World Bank or Asian Development Bank, then they need to bring photostated copies of their registration with the banks," he said.

He said copies of the certificates should be enclosed with other documents when submitting the tender.

Datuk Samy Vellu also said the Government has taken steps to control the number of foreign contractors coming into the country as the capability of local contractors has improved.

This, he said, can be seen in the directive issued on July 25 to all government agencies requesting that tenders for public works valued at less than \$50 million be given to 100 per cent wholly-owned local firms.

Tenders for public works worth more than \$50 million will be open to both local and foreign companies as well as joint-ventures between local and foreign contractors, he added.

He said all tenders for the construction of buildings regardless of its value, except for projects funded by the World Bank, ADB or International Monetary Fund, will be open to local firms.

The Finance Ministry has also stipulated that only tenders for public works worth more than \$50 million require pre-qualification tenders. Tenders for the construction of buildings are exempted from the ruling. — Bernama

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CSO: 4200/99

LESS RED TAPE FOR FOREIGN INVESTORS

Penang THE STAR in English 7 Oct 86 p 1

[Article by Dorothy Toeh and Hellen Tan]

[Text]

KUALA LUMPUR, Mon. — The Government will cut red tape to ensure that foreign companies which meet the conditions for the new investment regulations can set up their companies fast.

Prime Minister Datuk Seri Dr Mahathir Mohamad said today that if the investors faced delays, they could complain to higher authorities and corrective measures would be immediately taken.

"If delays become a regular affair then there must be either something wrong with our conditions or something wrong with the department or officers you are dealing with.

"In both cases action will be taken, pleasant or unpleasant," the Prime Minister told an American trade delegation here.

The delegation, comprising representatives from 20 American corporations, will be here for five days to talk to Malaysian companies on investment opportunities.

Dr Mahathir said that while regulations would not be completely done away with, they could be reviewed to protect businesses.

"We will try our best to do away with unnecessary bureaucratic processes and regulations.

"For this we need continuous feedback from you, indeed even before you invest," he said.

Under the new investment regulations, foreigners are allowed to have 100 per cent ownership if their companies.

● EXPORT 50 per cent or more of its products; and

● SELL 50 per cent or more of its products to companies in Free Trade Zone or Licensed Manufacturing Ware-

house (LMW);

In addition:

● A FOREIGN company which employs 350 full time Malaysian workers is permitted to hold whatever level of equity it applies for;

● WHERE foreign equity is less than 100 per cent, the balance to be taken up by Malaysians should conform to the New Economic Policy rulings but such rules will not be applied rigidly.

● EMPLOYMENT of Malaysians at all levels should reflect approximately the racial proportion of the country; and

● ANY company with foreign paid-up capital of US\$2 million will be automatically allowed five expatriate posts at whatever level.

Changes of personnel will not require fresh permits.

Visas will be given automatically during the first 10 years of the investment period.

Additional expatriate posts will be given when necessary upon request.

The new rules, first announced when Dr Mahathir was addressing a group of industrialists, businessmen, bankers and consultants in New York, became effective on Oct 1 and will end in December 1990.

During the period, the companies would not be required to restructure their equity at any time.

Malaysia's emphasis now was on wealth creation rather than wealth distribution, he said.

There was unemployment and Malaysian commodities were not fetching the expected prices, he said.

Other developing countries were emulating Malaysia's successful import substitution and export oriented industrialisation programme, he said.

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CSO: 4200/99

EDITORIAL WELCOMES U.S. PACIFIC FISHERY DEAL

HK280624 Auckland THE NEW ZEALAND HERALD in English 22 Oct 86 p 6

[Editorial: "Treaty Ends the Tuna War"]

[Text] A deal struck at long last between the United States and the South Pacific Forum's fisheries agency should remove an irritation that, at times, has seemed capable of impairing Western influence in this part of the globe. Doubtless it has been Soviet overtures to Kiribati, Tuvalu and Fiji, rather than any sudden reconciliation in Washington to 200-mile exclusive fishing zones, which has led to this week's agreement in Nuku'alofa.

The United States will pay U.S.\$60 million over five years so that its fishermen can pursue migratory tuna into the vast ocean zones claimed by the scattered microstates. That sum, shared among 16 Pacific governments, amounts to rather less than the U.S.\$1 million a year apiece which they reckon to be the value of their tuna resources. It is less, too, than the amount Kiribati received from the Soviet Union for the one-year agreement which expired last Friday.

Nevertheless, the American settlement will be welcomed in Pacific capitals, where Soviet approaches were entertained (and sometimes exaggerated) transparently for the leverage they gave the islands in bringing the United States to terms. After 10 years of dispute, the agreement should be better monitored and enforced than most separate deals by individual island states could be. It is truly a feather in the forum's cap.

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CSO: 4200/108

LANGE 'ACCEPTS' FRENCH REPORT ON AGENTS

HK241546 Hong Kong AFP in English 1536 GMT 24 Oct 86

[Text] Wellington, 24 Oct (AFP)--New Zealand said Friday it "accepts" the first report by France on the detention of the two secret service agents who were handed over to French control in late July under the Rainbow Warrior bombing settlement.

The pair, Major Alain Mafart and Captain Dominique Prieur, were sent to Hao Atoll in the South Pacific for three years French military service under the agreement which settled the row between the two countries over the French sabotage of the Greenpeace vessel in Auckland in July 1985.

Under the agreement, France paid New Zealand U.S.\$ 7 million in compensation and made a public apology for the bomb attack which killed one crewman from the anti-nuclear vessel. In turn, New Zealand released the agents into French detention from the ten-year manslaughter sentences they were serving in New Zealand jails.

Prime Minister David Lange confirmed Friday that the French Government has provided the first regular quarterly report on the agents. "The report indicates that France is honoring its obligations under the (United Nations) secretary-general's ruling," he said, adding that "the government accepts the report."

Media reports since their release have claimed the pair are living in luxury with no restrictions on their freedom.

Key elements of the settlement were that they would spend three years on isolated Hao Atoll and have no contact with the media.

Mr Lange's statement was seen by observers in Wellington as meaning these conditions were being strictly adhered to by France. Opposition politicians have claimed the deal was a "sell-out" and a display of weakness in the face of French threats to New Zealand trade interests.

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CSO: 4200/108

DOUBLE TAXATION CONVENTION SIGNED WITH INDIA

HK260108 Auckland THE NEW ZEALAND HERALD in English 18 Oct 86 p 5

[Text] A convention to avoid double taxation on items such as dividends, interest, royalties and pensions was signed yesterday by the Prime Minister, Mr Lange, and the Indian Minister of External Affairs and Commerce, Mr Shankar.

Mr Lange said the agreement followed the Indian trade mission of the Minister of Overseas Trade and Marketing, Mr Moore, and was in line with the government policy of promoting closer economic ties with India.

The arrangement was a "double-edged sword," said a spokesman for the international tax section of the Inland Revenue Department, Mr Paul Nota.

It removed doubt about tax provisions and reduced the chances of double taxation. But it would also make tax collection easier and tax evasion much less likely because of the amount of information the two countries would exchange as a matter of course on payments and transactions affected by tax provisions.

Another agreement signed yesterday--by Mr Moore and Mr Shankar--has set up a joint trade committee. The agreement covers technical and commercial exchanges, promotional activities, industrial cooperation and quarantine safeguards.

Mr Moore said trade between India and New Zealand had increased over the past decade from \$21.5 million to \$90.8 million in 1985-86.

The functions of the joint trade committee--which will meet about once a year, alternately in India and New Zealand--will be to ensure the smooth running of the agreement and to expand and diversify trade.

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CSO: 4200/108

GOVERNMENT CONSIDERS NUCLEAR SAFETY AGREEMENTS

HK211004 Auckland THE NEW ZEALAND HERALD in English 7 Oct 86 p 15

[Text] New Zealand Press Agency, Wellington--The government is considering whether to sign two international nuclear safety agreements, the Prime Minister Mr Lange, said yesterday.

International Atomic Energy Agency members recently agreed on two conventions aimed at minimizing the consequences of any future nuclear accidents, he said.

One convention requires states in which a nuclear accident occurs to notify other states which might be affected. The other provides a mechanism whereby the affected state can seek expert assistance from either the agency or any other country.

Mr Lange said the conventions could not prevent accidents like the one at the Chernobyl nuclear plant.

The New Zealand delegation at the special session where the agreements had been made had affirmed they had New Zealand's endorsement and that the government wanted them to have the widest possible effect.

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CSO: 4200/108

TRADE MISSION BOOSTS EXPORTS TO MICRONESIA

HK280648 Auckland THE NEW ZEALAND HERALD in English 22 Oct 86 p 11

[Text] New Zealand exporters signed deals worth \$1.1 million during a three-week trade mission to the emerging states of Micronesia. The mission leader, Mr Gilbert Ullrich, said yesterday that the initial sales could lead to new exports worth \$10 million over the next year, almost doubling New Zealand's annual exports of \$11 million to the Western Pacific nations.

The major hurdle to "snowballing" exports, which could reach \$40 million a year, was the lack of a regular and reliable shipping service between New Zealand and most of the Micronesian islands. New Zealand exports were now sent, on the only direct shipping to the other Western Pacific states.

"We suggested to the government of Kiribati and the Marshall Islands that they send their own vessels to New Zealand for servicing instead of to Japan, as at present," Mr Ullrich said.

Each of the Marshall Islands Government's five ships could visit New Zealand every three months for maintenance, bringing the plentiful scrap metal from the islands and returning with New Zealand cargoes.

Mr Ullrich said the Marshall Islands service could start early next year, and the Federation States of Micronesia was hoping to link into the Forum Shipping Line once it joined the South Pacific Forum next year.

The Western Pacific nations were undergoing a construction and tourist boom, with the United States Government funding or underwriting government buildings and public facilities, such as hospitals, as well as new hotels for the influx of Japanese tourists.

The Micronesian states rely almost totally on imports. The populations are small but relatively wealthy and, along with the tourists, would provide a good market for New Zealand food products such as meat, butter, dairy produce, beers and wines.

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CSO: 4200/108

REPORTAGE ON UNEMPLOYMENT FIGURES

Government Attacked

HK270644 Wellington THE EVENING POST in English 21 Oct 86 p 2

[Excerpts] Unemployment increased in the Wellington area during September with 2845 people registered as job seekers.

The total unemployed was up by 13 on the August figure and 366 more than at the same time last year.

The Minister of Employment, Mr Burke, today reacted to the figures by saying the government was examining policies to help regions hard hit by the economic downturn. But he repeated that the project employment program [PEP] scheme would not be reinstated in the face of rising unemployment.

"There will be no going back to PEP. This is no answer. It is a road that has been traveled down before and is a dead end one," he said.

Mr Burke defended the figures, saying that while unemployment was higher than at the same time last year, it was still substantially lower than 1983 and 1984 levels. "The combined register and subsidized scheme figures are just over 87,600 for September this year compared to 115,800 for September 1983 and 104,400 for September 1984," he said in a statement.

In Hamilton yesterday Opposition leader Jim Bolger accused the government of callously treating what he claimed was a growing number of unemployed created by its policies.

The unemployed had every right to be angry about the government's axing of work schemes, NZPA reported Mr Bolger saying during his speech, which begins a series of visits to provincial areas and is hard on the heels of Prime Minister David Lange's visit to Hamilton last week.

He said it was totally unacceptable to stop work schemes when unemployment, particularly affecting Maoris and young people, was rising. To save a few dollars the government seemed happy to have the unemployed paid to do nothing but pick up the dole, Mr Bolger said. Such a policy was "destructive to the individual concerned and wasteful to the community."

The export sector had been most severely harmed, Mr Bolger said, and businesses could not be blamed for wanting to move offshore.

National's employment spokesman, Mr Bill Birch, said in a statement, "the sharply rising unemployment figures indicates the failure of the Labor Government's economic policies." Mr Birch said the figures showed provincial areas had become severely depressed. "The rural areas are dying as a consequence of changed policies in the forestry, farming and manufacturing sectors," he said, and predicted future plant closures would see communities, particularly in Northland and Hawke's Bay, with unemployment rates of 25 percent.

Forecast Revised Upward

HK270628 Wellington THE EVENING POST in English 21 Oct 86 p 2

[Text] The Labor Department has revised its unemployment forecasts upwards in response to the new pattern of rising unemployment.

The number of jobless has risen nearly 20,000 in the past year and the department is now picking the total will rise to 78,000 by March next year. It had earlier forecast it would be 70,000.

A senior advisory officer, Mr Bill Hunter, said the figure would certainly go even higher than 78,000 during the summer when students joined the dole queues.

The revised estimate is despite a projection that the labor force will continue to shrink through a net outflow of 14,000 workers in the financial year, up from an outflow of 13,000 last year.

However, this will be more than offset by a rise in the labor force of 20,000 people from the natural increase in population.

Mr Hunter said the present upsurge in unemployment was quite different from the last recession in 1982-83 because this time it was concentrated outside the major centers. "Auckland has held up well, whereas unemployment went through the roof in Auckland last time. Wellington and Lower Hutt are also faring well with only about 2 percent unemployed, compared with 12 percent for Gisborne."

Editorial Examines Problems

HK280614 Wellington THE EVENING POST in English 23 Oct 86 p 4

[Editorial: "Today's Jobless Tomorrow's Voters"]

[Text] Rising unemployment hitting hard in the provincial marginal electorates is bad news for the people and regions involved, and it is worse news for the government. Forecasts show unemployment will be at least 20 percent worse next year approaching the election than when Labor came to power.

Latest official figures on the registered unemployed show the provinces to be worst hit. Gisborne has 2340 registered unemployed. They represent 12.6 percent of the district's labor force. Hastings, before closure of the Whakatu meat works has 2868 registered unemployed, representing 10.4 percent of the district's workforce. Whangarei has 11.3 percent of its workers unemployed; Rotorua 9 percent; Napier 9.5 percent.

South Island provincial centers also reflect a worse unemployment problem than in the larger cities. Compare the above figures with, say, Auckland's Takapuna where 766 are registered unemployed. They represent 1.1 percent of the district's labor force. Lower Hutt has 1200 unemployed, representing 2 percent of the labor force there. Wellington's 2845 or 2.9 percent registered unemployed is lower than the total for a much smaller center like Hastings.

Rising unemployment and uncertainty about some existing jobs must have some electoral impact, specially when combined with the dramatic economic downturn for much of agriculture and its servicing industries. It is a situation made to order for National to exploit.

If sufficient rural and semi-rural electorates and associated provincial cities vote out Labor MPS, replace them with National candidates, and continue to support sitting National MPS then Labor is in grave risk of losing power. Labor's July, 1984 election strength in urban electorates is not necessarily iron clad for the next election.

High and rising unemployment generates other problems for the government. Increased payments for the dole and increased support for worker training schemes, combines with reduced taxation revenue from the unemployed and the enterprises that used to give them work. This combination increases the government's internal deficit before borrowing. That larger gap between what the government earns and what it spends restricts policy options and helps to fuel inflation. These things further irritate voters.

The government and Rogernomics will get the blame for what is happening but some of that blame will be unfair. What is happening in agriculture and its servicing industries has an inevitability about it regardless of which party

holds power. Change can be deferred but cannot be stopped. External events beyond the control of industry and government here have compounded with deregulation, subsidy removal and release of pent-up distortions. This has happened in such a short time there has been shock and ill-preparedness.

Whakatu is a dramatic victim of a long-standing over-capacity within the livestock killing and processing industry.

Over-capacity, deferral of new technology, slowness in adapting to changing market preferences, and allowing uneconomic work practices have been contributing to an accumulation of problems within the industry.

Any corrective changes or closures are going to have huge economic and human costs in communities dependent upon a meat works. The historic and practical justification for what is happening is unlikely to be given much weight by people who have lost security and livelihood. It is the same with removal of the huge taxpayer subsidies from farming and bringing that sector back to market realities. The need to remove those distortions will be overwhelmed by the anger and the pain of adjustment.

The government is bravely refusing to promise a poultice of borrowed and taxpayer money. Election year possibilities of winning votes by being seen to act generously are being put aside. Somebody at or near the top has determined that it is better to be consistent and to hold to medium and long term goals than to be seen to give away all that has been argued against trying to defy reality.

That is such a change in New Zealand politics it just has to be acknowledged, even if through gritted teeth.

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CS0: 4200/108

DEFICIT PREDICTED TO FOLLOW 85-86 PATTERN

HK280728 Wellington THE EVENING POST in English 22 Oct 86 p 24

[Article by Denise Ryan]

[Text] The deficit for the 1985/86 year had a different profile to the previous four years and it is likely this year's deficit (1986/87) will follow a similar pattern, according to sharebroking firm Jarden and Co.

What made the 1985/86 deficit stand out was the fact that the deficit for the first five months was above the full year final result. Taking the deficit for the first five months and expressing it as a percentage of the final deficit for the 1985/86 year ended March, gave a five month figure of 106.5 percent.

In the remaining seven months of the 1985/86 financial year a surplus was recorded.

In the first five months of the current year (1986/87) the deficit stands at 107.6 percent of the budget night (31 July, 1986) forecast. That means this year a similar surplus in the last seven months will have to be attained if the budget forecast is to eventuate.

In the years 1982-85 the deficit for the first five months has been between 58-74 percent of the final deficit figure. The current and last financial year, at over 100 percent, will be a significant increase.

The deficit for the five months to August 1986 was \$2,636 million compared with \$1,990 million for the same period in 1985.

Total expenditure for the five months to August in the 1986/87 period, at 39.3 percent of the projected expenditure for the entire year, is the highest in the last five years.

But in the latest Jarden economic notes, economists Bryce Wilkinson and Peter Keenan, said this expenditure was not unexpected. Public servant back pay was a significant factor, they said.

The two economists said the deficit for the remainder of the year was highly unpredictable. The major uncertainties were the size of any provisions for the November Supplementary Estimates, the size of the March 1987 taxtake, and to what extent departments could achieve the savings announced on budget night, they said.

The economic notes did not rule out the possibility of further increases in the deficit. The economists said there was a lot of pressure for increased spending. While they did not expect the "normal" election year blow-out, some increases in expenditure to meet prior government commitments, which might be brought to account, and if additional cash was put into state trading enterprises as they were restructured.

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CSO: 4200/108

BUDGET CONSTRAINTS AFFECT MILITARY

Paramilitary Organization Envisaged

Port Moresby PAPUA NEW GUINEA POST COURIER in English 28 Oct 86 p 3

[Article by Angwi Hriehwazi]

[Text]

DEFENCE Minister Mr Tago yesterday warned the Defence Force could become a para-military unit.

The move would come if Australia did not give PNG a bigger say in tied aid for defence.

"If no flexibility is given for us to reorganise for our own priorities, then PNG will decide to do without a Defence Force and go for a para-military force," Mr Tago said.

A half-police-half-army unit was better suited for PNG because of present financial problems, Mr Tago said yesterday.

Mr Tago has briefed Cabinet on his intentions and carried the same message to Australian defence officials when he toured defence

establishments there recently.

Several factors, said Mr Tago, would force the army to become a para-military force.

They were: A lack of financing; a ban by the Government on further recruitment; and a rigid stance by Australia in not allowing the annual defence program to be managed by PNG.

While in Australia, Mr Tago expressed appreciation for the increased annual defence tied aid from K17 million to K20m.

"But we don't get to see much of that money, it is controlled in Australia," he said.

He raised the matter with his Australian counterpart, Kim Beazley, who asked for specific points to be raised at an official level.

This could lead to a review of the PNG-Australia Defence Agreement, said Mr Tago.

Many problems had occurred because sufficient finance for the army was not available.

"We can't pretend that we have a defence force," admitted Mr Tago.

History had shown that PNG needed a strong army and Australia had the responsibility to "rebuild and maintain" the force.

"Papua New Guinea's location is very important for Australia," Mr Tago added.

Military Recruiting Halted

Port Moresby PAPUA NEW GUINEA POST COURIER in English 28 Oct 86 p 3

[Text]

THE Government has ordered an indefinite halt to further recruitment by the PNG Defence Force.

This was revealed yesterday by Defence Minister Mr Tago. And the bad news is expected to be unpopular among the youth population.

Young men marched through the streets of Lae in 1984 and caused a riot because a lot were refused enlistment in the army.

The Government has also ordered Defence Commander Brig-Gen Tony Huai to reduce the 3500 men in the force down to 3000 by natural wastage. There will be no retrenchments.

The Defence Force used to recruit 200 men a year — 100 every six months. They were trained at the Goldie River Training Depot outside Port Moresby.

Recruitment has been stopped

as a result of a Budget Priority Committee recommendation for all departments to reduce their manpower, Mr Tago said.

He warned that it would result in a "big gap" between aging soldiers and young soldiers.

Australia trains about 100 PNG soldiers in technical fields every year — mostly funded under the aid agreement.

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CSO: 4200/106

MARCOS LOYALISTS' USE OF U.S.-OWNED RADIO CONDEMNED

HK030547 Manila THE MANILA CHRONICLE in English 1 Nov 86 p 9

["Bato-bato Sa Langit" ("Stone in the Sky"--referring to child's nursery rhyme) by Ka Edong (Comrade Edong): "A Fight for the Hearts and Minds of the Military"]

[Excerpts] Above the din of political fray, there is a quiet but intensifying battle for the hearts and confidence of the New Armed Forces of the Philippines personnel. Over the Far East Broadcasting Company Station DZAS, Marcos loyalists are offering soldiers and their families at Fort Bonifacio free home lots in Daget-Dagatan, Malabon. President Aquino, on the other hand, has thrown all-out support for ASK--Alay sa Kawal Foundation that raises funds for families of enlisted men killed or incapacitated in combat. Just to mention two of the obvious efforts.

Calling themselves "freedom fighters of the Philippines," the Marcos loyalists are riding on the coattails of Defense Minister Juan Ponce Enrile and offering assistance, complete with housing projects, for the lowly enlisted men. Where do they get the money? They say some philanthropic people have been moved by the plight of the soldier. But we know the pesos are leftovers of the Marcos election-campaign coffers like the 22 boxes of crisp bills seized by U.S. customs in Honolulu. ASK relies on contributions and one of its effective solicitors is Cory.

There's nothing wrong per se with the Marcos loyalists' use of the airplanes to propagate their goals of ousting President Aquino and returning Ferdinand Marcos to power. Freedom of the press now reigns, and they are free to enjoy it. Their use of an American-owned station, DZAS, however, leaves a sour taste in the mouth. Isn't this outright intervention in Philippine affairs on the part of the Americans? DZAS it will be recalled, is the station that was almost sacked by people power for refusing to aid the revolution last February after the crippling of Radio Veritas by sabotage. Its pro-loyalist stance began recently after the visit by its manager, Fred Magbanua, to Honolulu. The station also was an ardent supporter of the Marcos dictatorship and a vicious critic of the revolutionary forces.

Alay sa Kawal Foundation is a non-stock, non-profit foundation of private citizens dedicated to the assistance of families of servicemen, (from private to master sergeant), who die or get maimed in the line of duty. "It is our firm belief," ASK says, "that if we show our soldiers that we civilians care about them and their welfare, they will return our gesture by behaving as true defenders of the people and partners in peace, free of iniquities of the kind that existed during the Marcos regime."

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CSO: 4200/109

PHILIPPINES

GRAFT CHARGES FILED AGAINST MARCOS' SON-IN-LAW

HK040725 Hong Kong AFP in English 0714 GMT 4 Nov 86

[Text] Manila, 4 Nov (AFP)--A government commission looking into alleged hidden riches of Ferdinand Marcos's family and his aides has filed graft charges against a son-in-law of the deposed president, a court official said Tuesday.

Cregorio Araneta, husband of Mr Marcos's youngest daughter Irene, and seven former government officials have been charged in connection with the sale of a bus company last year, said Luisabel Alfonso Cortez, clerk of a special anti-graft court.

The eight are accused of engineering the sale of the Pantranco Bus Company, worth 775 million Pesos (U.S.\$37.8 million), to a dummy corporation owned and controlled by Mr Araneta. The sale resulted in "unwarranted benefits, advantages and/or preferences" in Mr Araneta's favor, Ms Cortez said.

The charges are the first to be filed by the commission, set up by President Corazon Aquino, since it began investigating reports that the Marcos family and their associates had enriched themselves while in office, the court official said.

Mr Araneta and his family left here for the United States following the February revolt that toppled Mr Marcos and brought Mrs Aquino to power.

The seven other accused are believed to still be in the Philippines, according to Ms Cortez.

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CSO: 4200/109

AQUINO DENIES COALITION FEBRUARY 86 ACCORD WITH ENRILE

HK031315 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 1 Nov 86 pp 1, 7

[Article by David C. Borje]

[Text] President Aquino denied yesterday she agreed with Defense Minister Juan Ponce Enrile to set up a coalition government shortly before she was catapulted to the presidency by a civilian-backed military revolt last February.

Press Secretary Teodoro C. Benigno said the president told him there was no such agreement. Benigno challenged those who said there is such an agreement to produce proof on the coalition.

Benigno was particularly reacting to a statement of former MP Renato L. Cayetano that Benigno should not comment on something he has no personal knowledge of "because it only betrays his ignorance and obvious bias."

Benigno, denying he had ever warned Cabinet ministers from campaigning against the proposed basic law of the land, quoted verbatim from the transcript of the briefing last 27 October: "If He (Laurel) campaigns against it, it can be assumed that he has thrown the gauntlet at President Aquino. He probably may have reached his rubicon then."

He reiterated that the January plebiscite will boil down to one thing: "A vote for the Constitution will be a vote of confidence for President Aquino. A vote against the Constitution is a vote against President Aquino." Benigno affirmed that he has absolutely no power or authority in his position as spokesman of the president to warn any Cabinet member, much less to ask for his resignation from the Cabinet, if he campaigns against the Constitution.

Cayetano, secretary-general of the Nacionalista Party, is known as a close associate of Enrile. Enrile himself had said that there was a coalition agreement between the military and Mrs Aquino, and if that coalition is dissolved, the Aquino Government has no basis for existence.

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CSO: 4200/109

JAPANESE LOAN TO BE USED AS COUNTERPART FUNDING

HK041125 Quezon City BUSINESS DAY in English 4 Nov 86 p 2

[Article by reporter Michael D. Marasigan]

[Text] Japan's Overseas Economic Cooperation Fund [OECF] has agreed to the use of P2 billion of the peso proceeds of commodity loans in its 12th and 13th (1984 and 1985) packages as local counterpart funds for delayed Japanese-financed projects, the OECF representative in Manila said.

The government requested counterpart funds for 15 ongoing and delayed projects and the OECF agreed to finance 11 of the projects, the OECF representative said. The other four are still under consideration, he said.

The OECF last month approved a Philippine request to use peso proceeds from the eighth and ninth commodity loans for the emergency rural employment program of the government. It also agreed to convert "16,422 million yen, intended to finance four projects under the 1985 loan package, into a commodity loan, the proceeds of which could also be tapped for infrastructure projects. [no closing quotes as published]

The eighth commodity loan, which amounts to P35,202 million yen, falls under the 12th yen loan given in 1984. The ninth commodity loan of 16,473 million yen was given in the 13th package signed early this year, intended for 1985.

The three commodity loans could provide a total of P5.9 billion in peso proceeds to finance the rural employment program and the counterpart funding for some delayed projects. Two weeks ago, Finance Minister Jaime Ongpin announced that P3.9 billion of the proceeds would be used for the employment program.

OECF sources said the Philippines proposed to use the remaining P2 billion for counterpart funds of delayed and ongoing irrigation projects for telecommunications, power transmission lines, road construction, fish ports and flood pumping stations.

Previously, commodity loans' peso proceeds went directly to the national budget.

The OECF agreed to finance counterpart funding for the power, irrigation and telecommunications projects but deferred decision on the road, fish port and pumping station projects, the agency's Manila representative told BUSINESS DAY.

Among the projects involved, the Bohol irrigation project has been noted to be the most delayed. Officials of the National Irrigation Administration [NIA] said lack of counterpart funds has delayed international bidding for the construction of a dam, 70 kilometers of main and lateral irrigation canals, and about 120 kilometers of main and lateral drainage canals and service and access roads.

The said bidding has been reset four times since April. The jobsite in the central part of Bohol has been visited by about 23 local and international engineering companies since February, they added.

The loan agreement was signed in September 1983 and completion of the project's stage I is due by the end of 1988. However, NIA officials said that with the bidding reset for 18 December, actual work will start only by mid-1987, which will mean a delay of more than a year.

Due to the delay, the total cost of the project (the sum of the counterpart fund [word indistinct] loan) has increased 137.63 percent to P752.8 million from the original P316.8 million. With price escalation accounting for most of the increase, the required counterpart fund went up by almost 160 percent to P424.2 million from P163.5 million.

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CSO: 4200/109

KOREAN EMPLOYER WILLING TO MEET KIDNAPPERS' DEMANDS

HK031359 Hong Kong AFP in English 1347 GMT 3 Nov 86

[Text] Manila, 3 Nov (AFP)—The South Korean construction company whose two administrators were kidnapped by communist insurgents are willing to give in to the demands of the kidnappers, including any ransom, government television said Monday.

The Hanil Development Corporation, which was building a road in Ilocos Norte Province, 400 kilometers (240 miles) north of Manila, had its camp raided by insurgents of the communist New People's Army (NPA) on 24 October.

Two South Korean administrative managers, Park Joong-so and Jeong Sang-ki [names as received], were kidnapped. The two abducted South Koreans were also reported by government television to have sent word through an emissary negotiating for their release that they are safe and well.

However, Ilocos Norte provincial commander, Everlino Nartatez said that the NPA guerrillas were still waiting for a decision from a higher command on the release of the two, government television reported.

/9738

CSO: 4200/109

GOVERNMENT TO PAY NUCLEAR PLANT'S OBLIGATIONS

HK051315 Manila THE MANILA CHRONICLE in English 5 Nov 86 p 2

[Text] The government yesterday assured that it will pay the debts incurred by the National Power Corp. [NPC] for building the nuclear power plant in Morong, Bataan.

In Executive Order No. 55 which President Aquino signed yesterday, the plant's facilities, equipment and properties were also ordered transferred from the NPC to the national government. Mrs Aquino directed that the amount needed to pay the remaining loans used for the plant be taken from the general fund.

From hereon, she said payments to foreign lenders will be assumed by the government. The order stressed however, that nothing in its provisions will make valid or enforceable any debt that had been deemed invalid or unenforceable.

The government and the NPC will inventory the plant and its related assets and take an accounting of its remaining foreign obligations. Until the government can determine how to dispose of the plant, the order stated that the NPC will act as its caretaker.

The order pointed out that the mothballing will prevent the NPC from generating revenues from the 600-megawatt plant to enable it to pay foreign loans, including the daily interest of \$355,000 incurred for the plant construction.

The takeover of the plant by the national government had been recommended by the Bataan nuclear plant committee, headed by presidential counsel Rene Saguisag.

/9738

CSO: 4200/109

ANTICOMMUNIST GROUP FORMED IN ZAMBOANGA

HK041053 Manila THE MANILA TIMES in English 4 Nov 86 p 12

[Article by correspondent Vic M. Alvarez]

[Text] Zamboanga City--An anti-communist group has been organized here to enlighten the people on the dangers posed by the communists to the security of the people and the stability of the nation.

Former LTP [Lupon Tagapagpaganap Panlalawigan--Provincial Executive Council] Chairman Sali Wali, organizer of the anti-communist group, said several concerned Christian and Muslim leaders in the region have pledged to support the organization which was organized in the face of the growing communist threat.

Wali told THE MANILA TIMES the ultimate aim of the communists is to topple the government. He said the people in Mindanao know that the NPA rebels have not stopped their campaign of terror against defenseless civilians in the remote hinterlands and barrangays.

"Our people should oppose the move of the present administration to hold peace talks with the communists while allowing the CPP [Communist Party of the Philippines]/NPA to terrorize the people and impose forced taxations, particularly in the countryside," Wali stressed.

Wali said "many of our people in Western Mindanao were picked up and never heard from again. Others were executed in the presence of their horrified families."

Wali, the former Zamboanga del Sur revolutionary chairman of the MNLF who is a holdover regional assemblyman here, said his group will hold rallies and information campaigns next month to warn the people on the dangers of communism.

Wali said he will spearhead a campaign in the region to reject the draft of the proposed Constitution which he said was illegally drafted by the Constitutional Commission.

Wali stressed he would campaign for the "no" vote during its ratification next year, saying that the people who drafted the charter were not elected by the people, particularly those in Mindanao.

Meanwhile, five persons were killed and four others were wounded when feuding groups recently clashed in Luik, Sulu and Basilan Province. Lt Col Porcaw Dia, Basilan PC [Philippine Constabulary] Provincial commander, in his report to Brig Gen Lorenzo R. Rapanan, Recom [Regional Command] 9 chief, said, four heavily-armed pirates killed three men in two separate attacks in a single day in the waters off Lantawan.

Col Dia identified the victims as Ari Malin of Bagbagon, Lantawan and Raybal Iling and Anni Lain, both of Lantawan. The attackers were identified as Sahud Wanasal, Hamid Julaid, Urid Kulaid and Julhari Arabul.

In another development, Lt Col Tarciano Martinez, Sulu PC Provincial commander, also reported that two persons were killed and four others were wounded when two armed groups clashed in Tangan-Tangan, Luuk.

Col Martinez said the protagonists belonged to the group of Addah Hambali and Luuk Vice-Mayor Abdurakman Arbison, who joined the clan of Hamsan Hadjali. Arbison claims Hambali killed his father 20 years ago.

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CSO: 4200/109

HELICOPTER SAID TO BRING ARMS TO CAPIZ REBELS

HK041029 Quezon City BUSINESS DAY in English 4 Nov 86 p 19

[Text] Iloilo City--An unidentified helicopter had brought arms and ammunition to the communist New People's Army (NPA) stronghold in Tapaz, Capiz, local newspaper WESTERN VISAYAS TIMES said quoting a source. The times said its source was present on two occasions of unloading the firearms--consisting of M-16 rifles, M-60 machineguns, and ammunition--in an NPA camp near Mt. Loho in Tapaz, a farming town about 100 kilometers southeast of this city. The source claimed that the firearms delivery took place at night in November last year and last September.

Speaking on condition that he will not be identified, the source was quoted by the paper as saying he was one of the torch bearers who acted as "landing markers" for the landings of the helicopter. As couriers for the NPA, the TIMES said the torch bearers were not allowed to go near the aircraft and were instructed to put out the light immediately after it landed.

Intelligence sources revealed that the arms delivery has been monitored but the exact location of the landing site cannot be pinpointed. It is possible that the report is true because of the experience of army troopers who raided last August an NPA camp in Sitio Naatip, barangay Aglinas in Tapa where they encountered heavy firepower from the rebels.

Sources at the regional Unified Command in this city reported that the rebels were armed with at least three M-60 machineguns and an undetermined number of M-20 rifles with grenade launchers.

/9738

CSO: 4200/109

GROUP DISCLOSES EXISTENCE OF WARLORDS

HK051321 Quezon City BUSINESS DAY in English 3 Nov 86 p 9

[Article by reporter Carmel M. Pizarro]

[Text] Baguio City--An anti-warlordism group has exposed the existence of at least 25 paramilitary units serving as private security groups of "warlords" who are mostly businessmen and political leaders in Ilocos region.

Forum Ilocandia, a recently formed cause oriented group which supports President Corazon C. Aquino's pledge to dismantle warlordism in the country, furnished BUSINESS DAY a list of businessmen and local government officials allegedly maintaining armed groups.

Forum Ilocandia was organized last April in Manila as a support group to help prevent the resurgence of fascism through warlordism. Coordinating with the Northern Luzon-human Rights Organization (NL-HRO), Forum Ilocandia also aims to prevent the possible comeback of former President Ferdinand Marcos.

In a recent statement, it said, "Warlordism continues to exist even after the February revolution and there is a need for more vigilant actions."

In its first assembly held in San Fernando, La Union late last month, Forum Ilocandia formed a coordinating council to initiate campaigns against warlordism and elitism in government, particularly in the region.

NL-HRO spokesperson Marilou Marigza told BUSINESS DAY that Forum Ilocandia and the NL-HRO have been working closely in fighting the "two evils." She noted that President Aquino has pledged to move fast in dismantling warlords, but this has yet to be fully implemented.

The NL-HRO issued recently a resolution "condemning in the strongest terms possible the accommodation of warlords in the local governments" and demanding the dismantlement of these private armies.

The human rights group said it continues to receive reports of abuses committed by local warlords in both municipal and provincial levels of the local government in the region.

In Cagayan, certain mayors are maintaining private armies; while several other warlords in Ilocos Sur, Ilocos Norte and Pangasinan have prevented some designated officers-in-charge from assuming office, the NL-HRO claimed.

On top of the list of Forum Ilocandia is a businessman who maintains about 200 security men some of whom are members of the Civil Home Defense Forces. They are armed with M14 rifles and have two armored cars, the group claimed.

Forum Ilocandia also listed a ranking government official who reportedly has a private army and an armory of 200 Uzis and 300 Galil weapons.

At least two mayors and a vice-mayor in Cagayan Province maintain their respective private armies, the Forum Ilocandia list showed.

/9738

CSO: 4200/109

MILITARY RADIO STATION ANNOUNCES NEW PROGRAMS

HK040705 Manila THE MANILA CHRONICLE in English 1 Nov 86 p 3

[Text] DZAF, the radio station of the Defense Ministry and the New Armed Forces of the Philippines, has announced a new program schedule which includes interviews with top military leaders and selected broadcasters explaining the views of the armed forces on the insurgency, peace and order and other problems.

Leading the weekend schedule is Brig Gen (Ret) Isidro Agunod, assistant secretary for plans and programs of the Defense Ministry with his "Straight from the Soldier" program at 9 a.m. on Saturdays.

At noontime, "Lunch Date with a Star" features top military commanders as they explain the operations and policies of the NAFF [New Armed Forces of the Philippines]. Major General Salvador Mison, deputy chief of the NAFF Civil Relations Service, brings to the air his column "Honestly Speaking" at 6 p.m. Saturdays.

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CSO: 4200/109

240 MANILA BARANGAYS SAID 'AFFECTED' BY NPA

HK301159 Manila THE MANILA CHRONICLE in English 30 Oct 86 p 3

[Text] Brig Gen Ramon Montano, Capital Regional Command (Capcom) chief, has revealed that at least two percent or about 240 of the total 12,000 barangays in Metro Manila have been "affected" by the communist insurgents.

Montano said most of these "affected" areas were in Manila, particularly in the slum areas of Tondo and Sta. Ana, near the Mandaluyong boundary.

In military parlance, "affected" means the first stage of communist infiltration in an area, Montano, who is concurrently the Metropolitan Police Force director-general, explained.

During a command conference with senior Western Police District officers last Tuesday, Montano urged them "to talk to the people" to counter the communist propaganda campaign in the city. He also asked policemen to be more visible in their beats not only to deter crimes but also to control the growing communist threat.

Montano, however, assured the public that the rebels were not capable of launching any military offensive in the city. He said their activities were confined to propaganda and party building, including the recruitment of new members.

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CSO: 4200/109

PHILIPPINES

CLASHES REPORTED IN LANAOS, PANGASINAN ALBAY

HK040235 Manila Far East Broadcasting Company in English 2300 GMT 3 Nov 86

[Text] Serious fighting between government troops and communist guerrillas has shifted to the hinterland town of (Hunay), Lanao del Norte. Colonel Raul Aquino, commander of the army's 2d Infantry Brigade, said that the heavily armed rebels are putting up stiff resistance to the soldiers. He confirmed reports that more than 20 rebels have already been killed in a clash with the soldiers backed by tanks and airforce helicopter gunships. Aquino said the gunbattle at (Hunay), a predominantly Muslim area, came after the soldiers Sunday overran the rebel camp in the neighboring town of Kolambogan, Lanao del Norte. At least four rebels--two women and two men--were captured during the operations, according to Aquino.

In Pangasinan, a police chief and four soldiers were killed in an ambush by communist rebels in the northern Philippines, the state-run Philippine News Agency said. A rebel was also killed in the attack by about 30 guerrillas from the communist NPA on Saturday near the town of (Dasol) in Pangasinan Province.

The agency said in another attack on Friday a policeman was killed by an unidentified gunman in the central Philippine Province of Albay. Killed in the ambush were (Dasol) town police chief Captain (Donato Fabi), constabulary Sergeants Regina (Camba) and Monroe (Amares), patrolmen Prudencio (Boris) and Teofilo (Mercullo).

/9738

CSO: 4200/109

CEBU NDF SEEKS ROLE IN NATIONAL CEASE-FIRE TALKS

HK041404 Hong Kong AFP in English 1323 GMT 4 Nov 86

[Text] Cebu, Philippines, 4 Nov (AFP)--Communist leaders in the central Philippines Tuesday sought talks with the local government on implementing a national ceasefire agreement proposed by the rebels' national leaders.

The Cebu branch of the National Democratic Front (NDF) said they were ready to form a panel to negotiate with the provincial government on six points for the regional implementation of an NDF-proposed national ceasefire agreement.

Representatives of the NDF, a 12-group coalition including the banned Communist Party of the Philippines and its guerrilla New People's Army, proposed to President Corazon Aquino's Government Sunday a 100-day ceasefire starting early December. The government is studying the proposal.

NDF-Cebu spokesman Rafael Flores, said in a press statement that the regional panel would serve as the local counterpart of the national panel, to promote the proposed national ceasefire agreement and if the agreement is approved, to monitor local compliance with the truce conditions.

The six points of discussion cited by Mr Flores, were similar to those of the national panel's proposal for the disbanding of "notorious" military and paramilitary units.

The statement did not say that the NDF-Cebu would not pursue a regional ceasefire agreement if the national talks collapsed but they admitted in previous statements that their national leadership had barred them from entering into regional or local ceasefire negotiations.

Cebu island is the most populous province in the Philippines.

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CSO: 4200/109

RADIO VERITAS ON CAMPAIGN TO SPREAD RUMORS

HK051238 Manila Radio Veritas in Tagalog 1000 GMT 5 Nov 86

[Text] Some sectors of society have come alive again in waging a disinformation campaign to undermine the present administration. The latest item involves the alleged dismissal of Defense Minister Juan Ponce Enrile from his post per order of Malacanang. Earlier, a radio station in Manila announced that Malacanang had removed Enrile as defense minister. This was immediately refuted by Ed Pangilinan, press secretary of the Defense Ministry.

[Begin Pangilinan recording in english] Certain rumors are being spread today to the effect that Minister Enrile was dismissed by officials in Malacanang last night. Before anything else, we would like to deny most categorically this rumor. There is no truth to it. Minister Enrile up to this time has not received any order removing him from the Defense Ministry. In fact, the minister is due to receive today several callers and has important business with military officials, both here and abroad, as part of his regular duties as minister of defense.

The ministry is functioning normally. All employees, including me, and branch agencies are doing their jobs and serving our people as usual. In fact, we are preparing to celebrate the 47th anniversary of the Ministry of National Defense on Friday, 7 November. [end recording]

That was Mr Ed Pangilinan, press secretary of the Defense Ministry.

Meanwhile, the disinformation campaign being waged all over the country is going strong. This station, Radio Veritas, has received queries from radio stations all over the country seeking confirmation of rumors spreading in different places. The details from Bong Orlina:

[Begin Orlina recording] RV Balita [Radio Veritas News] is carefully following up the disinformation campaign not only in Manila but also in the provinces. Some radio stations from different parts of the country have called up Radio Veritas in the last few days and sought for confirmation over some news spreading in their provinces. The latest rumor came from Iloilo Province which alleged that a number of cabinet members have resigned for unknown reasons. Likewise, reports on intense conflicts among cabinet members

and of the entry of some communist groups into Malacanang also sprang up in the provinces. Thus, RV Balita is now probing on who or what is behind the disinformation campaign going on in the country. Based on preliminary findings, the campaign is apparently heavily funded and aims to undermine the stability of the present government. Bong Orlina. [end recording]

Meanwhile, Brigadier General Isidro Agunod, assistant secretary for plans and programs of the Defense Ministry, urged that people study carefully the contents and real motives behind the disinformation campaign. Agunod confirmed that the prime objective of the campaign is to destroy and destabilize the present administration.

[Begin Agunod recording in english] I think that we should not panic and just keep our wits about us, not do a thing or listen to any wild talk like that. Just listen to the more responsible radio stations like Radio Veritas. I think our people should read and listen to responsible media. [end recording]

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CSO: 4211/7

EDITORIAL URGES TOLERANCE OF DIFFERENT OPINIONS

HK051241 Manila MANILA BULLETIN in English 5 Nov 86 p 6

[Editorial: "Noise of Democracy"]

[Text] We should not confuse the noises of democracy with political instability. If we did we might lose democracy. The present noises may be an overreaction to the imposed silence of the past or they may be reversion to pre-martial law propensities. Either way they are agreeable.

Democracy flourishes only in a noisy atmosphere, where even the most stupid and the most radical are given the opportunity to rock the boat with words. There is no danger because words are met with words and nobody is hustled off to solitary confinement just because he uttered certain words, although of course he can be made to answer the appropriate charge in a court of law, depending on the circumstances.

Noise-making is a burgeoning industry in this country. It has given rise to an unusually large number of newspapers and probably there would have been more if paper had been less dear. The number of talk shows on television has grown and it seems that wherever one goes, even in the provinces, he can find a noisy kapihan [coffee shop].

The task of democracy is to involve everyone in noise-making so that the government can make an intelligent response to needs. This is one advantage held out by a dialogue with the rebels.

Encouraging people to make noises signifies the tolerance of democracy. It does not matter if some parties have fascist roots or are communist in orientation. The important thing is that all are heard. The moment intolerance sets in, say goodbye to democracy.

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CSO: 4200/109

CHRONICLE ON DANGERS OF CONTINUING ARMS TRAFFIC

HK041105 Manila THE MANILA CHRONICLE in English 4 Nov 86 p 9

[Editorial: "The Balance of Terror Builds Up"]

[Text] A special report on the Weekend Focus of THE CHRONICLE on Sunday reveals that there is a continuing traffic of weapons into the country. It is hard to quantify the arms flow, and it is still harder to know who are the end-users. Some of the consignments pass through the official channels--i.e., the port of Manila and the Manila International Airport where papers covering them are examined by customs.

According to customs officials, significant shipments have been consigned to the Ministry of National Defense, but there are also reports of arms shipments entering the backdoor and presumably ending in the hands of private groups. The customs does not ask too many questions, and this makes it more difficult to determine which shipments are legitimately for national defense and which are intended to build up forces of private armies.

What is apparent is that there is a continuing buildup of private armies. This buildup certainly does not help strengthen the capacity of the central government and its armed forces to enforce its political will on groups challenging the government.

The arms traffic is going on at a time when the nation is going back to electoral politics. But what is happening is that it is also lapsing into the pattern of political warlordism which, during pre martial law days, was responsible for election terrorism and suppression of the electoral process in many parts of the country.

It is probably true that the arms traffic is not as heavy as that during the Marcos authoritarian years. Although former President Marcos had control of the armed forces, the flow of arms to some of his political warlords to ensure their grip on their constituencies has brought more problems to the military in asserting central state authority. In short, Marcos authoritarianism fostered, rather than broke, the power of warlords.

As a consequence, the traditional warlords loyal to the old regime continue to defy the authority of the new government. New ones have appeared.

The problem facing the government in controlling the arms traffic is that it is reluctant to make an issue of consignments intended for the Defense Ministry, apparently because it does not want to exacerbate tensions between the president and the defense minister. Further, there are also reports that the so-called "Yellow Army" identified with people close to the president is being trained and armed to defend the president.

So, there appears developing a balance of terror among several armed groups--a condition that lends to the further weakening of central authority.

The armed forces are the official guardian of the integrity of the republic. Given the insurgencies facing the nation--including the communist and Muslim rebellion--the growth of warlord enclaves makes the task of the armed forces more complex and difficult.

The existence of several armed centers of local authority foreshadows turbulence in the coming elections. It used to be said that during the days of congressional politics, election terrorism and fraud in one area were cancelled off by terrorism in another, assuring a fair electoral result across the nation.

But given the multiplication of armed enclaves deriving sustenance from the arms traffic, it is doubtful if this balance of terror would result in a fair electoral outcome.

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CSO: 4200/109

MALAYA ON NEED FOR GOOD FAITH IN CEASE-FIRE

HK041059 Quezon City ANG PAHAYAGANG MALAYA in English 4 Nov 86 p 4

[Editorial: "Mutual Good Faith Needed"]

[Text] It may be too early at this point to pin some hope on the latest development in the ongoing peace negotiations between the government and the communist rebels, but there is nothing that should stop both sides from trying to achieve something concrete out of each other's immediate ceasefire offer.

The rebels over the weekend proposed a 100-day ceasefire starting 10 December, International Human Rights Day, covering the period for campaign and plebiscite for the new charter, and running up to the first anniversary of the February Revolution. The emissaries of the National Democratic Front (NDF) say their offer is some sort of a "bending over backwards" because they have made flexible some of their earlier demands. For her part, President Aquino, who earlier offered through government emissaries an immediate 30-day ceasefire, is set to comment this week on the NDF counter-offer.

Offhand, the offers of both sides seem rather reasonable, but in between those two offers and the prevailing conditions in the insurgency front is a yawning gap. No one may doubt Mrs Aquino's sincerity, but for many poor, oppressed Filipinos who face everyday the realities of this war, what counts is that they remain caught in the crossfire, they cannot work on their farms, they remain prey to the whims of abusive soldiers and militiamen, and are daily torn between having to "cooperate" with either rebel or soldier.

Even as Mrs Aquino and the government emissaries remain steadfast in their hopes for peace, powerful men in her government would rather use the iron-fisted policy and order major offensives on known rebel strongholds, while rebels on the other hand continue ambushes. Yet each claims a policy of active defense.

An unconditional laying down of arms at this time by the rebels would, of course, be out of the question. But perhaps it would do well for government to consider seriously some of the major issues raised by the NDF on why it believes government has to act on certain conditions that could lie at the root of the rebellion. Economic and social justice are the first guarantees these Filipinos need.

Of course, the military is expected to raise anew its fear that the rebels would use the interim period of the ceasefire to build up arms quietly, or plan major strategies, even while apparently not engaging in any offensive, but that is a gamble both sides would have to take. If the president has staked her office on the longer, more difficult way to peace, government is morally bound to pursue its initiatives as far as it can without being hampered so soon by the hysterical calls for a deadline.

The advocates of force had 20 years to prove their points. They have no moral ground to set unreasonable limits on those who actively seek the more enlightened path to peace.

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CS0: 4200/109

COLUMNIST ON NDF'S 100-DAY CEASE-FIRE PROPOSAL

HK041507 Quezon City BUSINESS DAY in English 3 Nov 86 p 4

["My Cup of Tea" column by Ninez Cacho-Olivares: "Time to Communicate"]

[Text] If all goes well and agreements between government and the rebel forces are forged, the country should experience a 100-day ceasefire between the Armed Forces of the Philippines [AFP] and the New People's Army. A proposal, called "100 Day of Peace," has been submitted by the National Democratic Front [NDF] panel to the government panel, as announced in a press conference by NDF negotiators Antonio Zumel, Satur and Bobbie Ocampo. The peace proposal, if accepted by the Aquino Government, is to take effect from 10 December, 1987 to March 1988. "We dare hope," the NDF panel was quoted as saying, "that, for the first time in many, many years, the guns will be stilled during the plebiscite for the proposed new constitution, the Aquino Government's first anniversary, and up to the start of the campaign for the projected national and local elections." The NDF peace proposal, as press reports have it, provides for safe-guards and a mechanism for its implementation, with the proposal for the formation of a National Ceasefire Committee, which will be expected to monitor the implementation of the agreement and presumably, to act as arbiter in cases of alleged violations committed by either side.

The NDF proposal contained five "talking points" in defining safeguards for implementation. These are: 1) The cessation of all military operations by either side; 2) definition of what constitutes a hostile act; 3) disarming and disbanding notorious CHDF [Civilian Home Defense Forces] units and regular AFP units; 4) disarming and disbanding of private armies, armed gangs, "lost commands," religious fanatics, death squads and armed Marcos diehard groups; and 5) the confinement of local police forces strictly to peace-keeping functions.

The peace proposal and safe-guards for implementation appear to be better thought out than the government's proposal for an immediate 30-day ceasefire, which failed to provide for the necessary mechanics and safeguards necessary to make a ceasefire agreement work. Neither are the NDF "conditions" preposterous. It no longer asks for the disbanding and disarming of all CHDF units and the withdrawal of regular AFP units operating within the NDF-CPP [Communist Party of the Philippines] -NPA strongholds. It has asked only

for the disbandment of notorious CHDF and regular AFP units. With the formation of a ceasefire committee, notorious CHDF and AFP units can be pinpointed, and agreements can be fine-tuned. As to the conditions that private armies, armed goons and the like be disarmed and disbanded, the government would do well to heed this. The nation will be better off without these private armies. The Aquino Government and the military know about these private armies and other armed groups. And the government should act decisively on this matter. There are just too many loose firearms around these days and one continues to hear about new private armies sprouting.

But if and when an agreement is forged, can we truly have 100 days of peace? I suppose we can, if both sides make a giant effort to achieve temporary peace. But how did this NDF peace proposal initially strike the military? According to a news report, sources in the military reportedly claimed that the proposed truce was "too long," with fears expressed that the rebels would use the time to regroup their forces and prepare for a major offensive. I can understand the distrust, but not the reasoning. The time may be used by the rebel forces to regroup and organize, but surely, that same time frame will also be used by the military to reorganize and prepare itself for a major offensive. Both will have to use that breathing spell to woo and with the sympathy and support of the Filipino people. Even without a ceasefire in place, even with continued fighting in the countryside, I suppose both forces continue to prepare themselves for a "major offensive." The "100 days of peace" will not change that, since this period will presumably be used to hammer out a political settlement. If either party junks whatever offers and counter offers that may crop up in the course of negotiations, peace talks will have to be scrapped and the fighting will have to begin.

The period of peace, I suspect, will be used by the NDF-CPP-NPA to demonstrate to the nation that the communists are not what the military and defense officials and rabid anti-communists paint them to be. I suspect that the time will be used by the NDF to make government and the nation listen, and for the NDF to point out the contradictions of government programs and policies.

It will be one idea pitted against the other. It will probably be a time for both parties to use effective communication. And this is where I feel Mrs Aquino is weakest. She gives speeches left and right, but she fails to communicate with the nation. She does not care to communicate her messages and ideas to the nation through the local press. Instead, she lets her officials do the talking for her. Worse, she even apparently tolerates the existence of an armed forces radio station that not only comes up with political commentaries from soldiers, but which even broadcasts inaccurate information, bloating the crowd estimates of a rally which had the defense minister as speaker. As we already know, the message the nation receives from them is garbled and utterly confusing.

If Mrs Aquino doesn't wake up to the realities soon, she may not have anything left to communicate with.

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CSO: 4200/109

COLUMNIST WARNS OF CPP'S ULTIMATE GOAL

HK051305 Manila MANILA BULLETIN in English 5 Nov 86 p 6

[Column by Jesus Bigornia: "Government Takeover Remains Reds' Prime Target"]

[Excerpt] Conditions laid down for a ceasefire in the 17-year-old communist-led rebellion have caused alarm over the ultimate goal of the Philippines dissidents. The five "talking points," including disarming of allegedly notorious New Armed Forces of the Philippines (NAFP) units, have led concerned citizens to wonder whether economic and social reforms are indeed what the outlawed Communist Party of the Philippines (CPP) really wants.

Since former newsmen Satur Ocampo and Antonio Zumel, negotiators from the National Democratic Front (NDF), the political arm of the CPP, have fore-sworn any plan to form a coalition with the Aquino regime, the communist goal--government takeover--becomes at once apparent. What must, therefore, be inferred from the NDF bid for a 100-day ceasefire is a desire to drag the talks over a long period during which the NDF may step up its drive for support from the peasantry and industrial workers, and the New People's Army (NPA), the military arm of the CPP, to recruit and train replacements of casualties and defections.

Viewed from the standpoint of the military-defense establishment, the Ocampo-Zumel proposals are not too subtle attempts to discredit and divide the armed forces. Since prospective talks on "substantive" questions cannot proceed without colliding with a recent warning against granting belligerency status to the communists as aired by the NAFP Chief of Staff, General Fidel V. Ramos, many citizens have concluded that the negotiations are headed for collapse. Some even hold that the talks are nothing more than "an exercise in futility."

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CSO: 4200/109

ECONOMIC INDICATOR ON DECLINE OF GOLD OUTPUT

HK041113 Quezon City BUSINESS DAY in English 4 Nov 86 p 9

["Economic Indicator" column: "7-Month Gold Output Down 4 Percent"]

[Text] The aggregate gold output of Chamber of Mines of the Philippine members for the January-July period dropped 4.01 percent to 14,180.68 kilograms from 14,771.384 in the same period last year, according to chamber figures.

Secondary producers (those that produce copper mainly gold as a byproduct) reduced their output 8.13percent to 8,422.122 kilograms from 9,167.862 kilograms a year ago. [sentence as published]

Primary gold producers increased production 2.75 percent to 5,758.558 kilograms from 5,604.522.

Among the primary producers, Benguet Corporation's Balatoc project topped with 2,385.514 kilograms. Atlas Consolidated Mining and Development Corp.'s Masbate gold operation followed with 1,611.286 kilograms.

Gold Production
January-July 1985 and 1986
(volume in kilograms)

	1986	1985	percent increase (decrease)
Primary producers	5,758.558	5,604.522	2.75
Benguet Corp. (Balatoc)	2,385.514	2,039.270	16.98
Atlas Consolidated Mining and Development Corp.	1,611.286	1,567.604	2.79
Apex Mining Co., Inc.	603.690	580.625	3.97
Surigao Consolidated Mining Co., Inc.	593.202	634.877	(6.56)
Iitogon-Suyoc Mines, Inc.	274.953	240.259	14.44

[table continued from previous page]

Benguet Exploration, Inc.			
(Thanksgiving)	174,519	202.587	(13.85)
Manila Mining, Inc.	115.394	195.258	(40.90)
North Davao Mining Corp. (Hijo)	#	144.042	-
Secondary Producers	8,422.122	9,167.862	(8.13)
Philex Mining Corp.	3,240.920	3,212.245	0.89
Benguet Corp. (Dizon)	2,191.802	2,630.673	(16.68)
Lepanto Consolidated Mining Co.	1,095.714	891.953	22.84
Atlas Consolidated Mining and Development Corp.	951.984	1,539.253	(38.15)
Marcopper Mining Corp.	452.160	464.740	(2.71)
North Davao Mining Corp. (Amacan)	273.961	297.255	(7.84)
Maricalum Mining, Inc.	189.325	#	-
Benguet Exploration, Inc.			
(Copper shield)	26.256	12.323	113.06
Batang Buhay Gold Mines, Inc.	#	119.420	-
Grand Total	14,180.680	14,772.384	(4.01)

no production

Source: Chamber of Mines of the Philippines

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CSO: 4200/109

DEBT SERVICE COMPRISES 40 PERCENT OF 1987 BUDGET

HK041119 Manila MANILA BULLETIN in English 4 Nov 86 p 17

[Text] The government is setting aside 40 percent of its 1987 budget for the payment of its debt, the biggest single sector in the planned government expenditures for the next six years.

From 1987 to 1992, debt servicing and net lending would continue to eat up the government's budget but on a descending pattern, reaching only 12 percent of government expenditures by the end of 1992.

According to the National Economic and Development Authority (NEDA), the public sector would increase its levels of expenditures to the levels prior to the advent of the crisis.

Total government expenditures to the gross national product (GNP) ratio was projected to average 16.4 percent of GNP during the next year.

Out of the P120.6 billion planned budget for 1987, the government has projected to spend P48.24 billion for debt service and net lending. The amount was allocated mandatorily to service the government's outstanding obligations as well as the programmed obligations to finance the targeted budgetary deficit, the NEDA said.

Likewise, assistance in the form of net lending to government corporations as well as the assumption of private debt service obligations of the Development Bank of the Philippines (DBP) and the Philippine National Bank (PNB) were included in this type of expenses.

The country's net lending was estimated to reach P28.9 billion this year, higher than the estimated budgetary deficit of P19.9 billion for this year also.

As the level of debt service and net lending decreases during the planned period, an increasing share of the budget would be channeled to social services, with its share to total expenditures averaging 30.1 percent during the six-year period (1987-1992).

Allocation to priority economic sector was expected to be ensured and the efficiency of economic service expenditures be improved to compensate for any decline in the share of that sector to total expenditures during the plan period.

A major portion of this would have to be channeled to agriculture and rural-based employment generating activities. Around eight percent of the expenditures would be allocated to national defense and 12.9 percent for general services.

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CSO: 4200/109

PHILIPPINES

PESO DEPRECIATES 9.27 PERCENT

HK060231 Quezon City BUSINESS DAY in English 5 Nov 86 p 2

["Economic Indicator" column: "Peso Down From October '85"]

[Text] The peso depreciated against the U.S. dollar by 9.27 percent last month from a year ago, according to the latest data on the reference exchange rate from the Central Bank.

The average reference exchange rate for last month was registered at P20.437190 per dollar as against P18.703913 per dollar in October 1985. However, the peso increased its exchange value by a slim 0.35 percent last month from a rate of P20.509238 per dollar last September.

Other currencies that form part of the Philippine international reserves (Austrian schilling, Belgian franc, Canadian dollar, French franc, Hong Kong dollar, Japanese yen, Netherland guilder, Singapore dollar, Swiss franc, British pound and West German mark) rose in value against the peso.

Against the Australian dollar, the peso appreciated slightly, with the October average exchange rate at P13.049281 per dollar as against P13.157987 per dollar a year ago.

In relation to the Chinese renminbi, the average exchange rate fell from P6.093688 per renminbi in October 1985 to P5.500476 per renminbi last month.

Average Reference Exchange Rate October 1985 & 1986; September 1986 (In pesos per unit of foreign currency)

Currency	October '86	October '85	September '86
U.S. dollar #	20.437190	18.703913	20.509238
Australian dollar ##	13.049281	13.157987	12.740140
Austrian schilling #	1.831757	1.005087	1.427876
Bahrain dinar #	54.216924	49.649739	54.406862
Belgian franc #	.491505	.347839	.484167
Canadian dollar #	14.169390	13.688457	14.790929
Chinese renminbi ###	5.500476	6.093688	5.523779

[table continued from previous page]

Danish kroner	2.710990	1.948652	2.656181
French franc #	3.119943	2.318191	3.505986
Hong Kong dollar #	2.621638	2.402996	2.629619
Indonesian rupiah	.012500	.016687	.015071
Iraq dinar	16.092200	16.549783	16.473524
Italian lire	.014710	.010422	.014505
Japanese yen #	.131157	.087035	.132557
Kuwaiti dinar ##	69.941967	63.324239	70.163943
Malaysian dollar ##	7.797214	7.633974	7.850500
Netherlands guilder	9.039424	6.270483	8.900629
New Zealand dollar	10.311486	10.669800	9.849333
Norwegian kroner	2.784462	2.362413	2.796843
Saudi Arabian riyal ##	5.451043	5.24091	5.469376
Singapore dollar #	9.414776	8.762057	9.480090
Spanish peseta	.152838	.114848	.152700
Swedish kroner	2.974729	2.348361	2.967243
Swiss franc #	12.484843	8.630109	12.409062
Taiwan dollar	.559724	.467735	.538133
Thailand baht	.783467	.712078	.890005
United Kingdom pound #	29.298129	26.576417	30.180629
West German D-mark #	10.215343	7.071430	10.048662

Currencies that form part of the Philippine international reserves.

Other acceptable currencies.

Beijing exchange rate--(REUTERS)

Source: Central Bank

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CSO: 4200/109

BRIEFS

BALWEG URGES NPA HELP--Father Conrado Balweg, leader of the Cordillera People's Liberation Army, announced that the New People's Army's sincerity would be tested if it helped fight for self-determination in the Cordilleras. According to Father Balweg, they would regard the NPA as allies in the Cordilleras if it fought for the grant of self-determination in the region, and not simply for its own cause. At the same time, Father Balweg said that absolute peace and order in the cordilleras could be attained only if the present government recognizes their struggle to preserve the culture, customs, and most of all, the right to be citizens of the Cordilleras. [Text] [Manila Radio Veritas in Tagalog 1000 GMT 4 Nov 86 HK] /9738

GRAFT CHARGES AGAINST MARCOS KIN, OFFICIALS--The Presidential Commission on Good Government [PCGG] filed graft charges against members of the Marcos family and seven top officials of the former administration before the Sandiganbayan today. The case involved the sale of public utilities firms totaling 775 million pesos. Those named as defendants include Gregorio Araneta III, Placideo Mapa, Jr., J. Lorenzo Vergara, Ramon Abiano, Jr., Dominador Lopez, Jr., Fernando Maramag, Jr., Jose Crisante, Jr., and Fernando Balatbat. The accused were all management officers of the Philippine National Bank, National Investment and Development Corporation, and the Pantranco North express. This is the first case presented by the PCGG before the Sandiganbayan that is related to the investigations of illegal wealth of the relatives and close associates of former President Marcos. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 4 Nov 86 HK] /9738

MILITARY ACCUSED OF 'PROVOCATION'--Cauayan, Isabela, (PNA)--The Communist Party of the Philippines-New People's Army (NPA) has accused the military of provocation in the province. The communist accusation was contained in a letter to local radio station DZNC, saying at least nine NPA insurgents in Isabela have been killed since April as a result of the continued military operations. The NPA said it has slowed down in its operations and has even canceled planned raids on some military installations in the province. In its letter, the NPA also admitted collecting "progressive taxes" from the people based on the capability of the individual. The rebels said the taxes will help them keep alive and provide their other needs like medicine, clothing, food and weapons. [Text] [Manila THE MANILA TIMES in English 4 Nov 86 p 12 HK] /9738

CSO: 4200/109

TWO GRIM YEARS FORESEEN FOR ECONOMY

Kuala Lumpur BUSINESS TIMES in English 4 Oct 86 p 3

[Text]

SINGAPORE, Oct 3

LEADING economists around the world reckon that the prospects for Singapore's economy in the next two years remain grim.

The republic managed to score only 4.7 points, on a scale of one to 10, in Euromoney's sixth annual survey of economic progress around the world. This brought Singapore's ranking down to 48th position. In a similar ranking last year, the republic was placed 12th.

The weighted ranking is based on the forecasts of 28 economists at leading banks, financial and economic institutions. The scale runs from one for poor or faltering economic performance to 10 for growing, prosperous economy. If it is any consolation to Singapore, the latest compilation of economic forecasts by the UK-based financial monthly shows an equally gloom outlook for most of the world's economies.

Only 38 out of the 118 countries surveyed are expected to show sustained economic progress from now through to 1988, compared with 51 for last year. The figure for 1984 was 62. These are the countries which scored five points and above on the Euromoney economic performance scale.

What is, however, disconcerting for the republic is that its major rivals have moved ahead. Taiwan (with a score of 7.39 points), South Korea (6.94) and

Hong Kong (6.40) are now among the top 10 performing economies in the world.

Both Taiwan and South Korea improved their ranking order, although Hong Kong's position slipped slightly, from ninth to 12th.

Taiwan, which was sixth last year, is now ranked third, after West Germany and Switzerland. South Korea rose from 23rd to take the sixth spot this year.

Singapore's poor performance was shared by its more immediate Asean neighbours. Thailand was placed 47th (it was 35th in 1985), followed by Malaysia in 62th position (24th), Indonesia in 99th ranking (36th) and finally the Philippines, which was placed 102nd (82nd).

In Euromoney's estimation, all hopes for world economic recovery lie with the developed industrialised North. The magazine said, however, that these countries had failed to respond to the major stimuli provided by lower oil prices, lower inflation and interest rates, coupled with a weak US dollar.

Western Europe, the US, Canada and Japan provide 20 of the 27 best-growth prospects. The prospects of the less developed countries such as Taiwan, South Korea, Turkey and Brazil were hinged on their ability to export goods to the developed countries, the magazine said. — BHT

ECONOMIC COOPERATION WITH CEMA, SOVIET UNION MOVES AHEAD

Relations With CEMA Bloc

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 10 Sep 86 p 4

[Partial translation by N.D.B. of an article by L.U. Brajenkov: "Vietnam Extends Cooperative Relationships With Other Members of the Council for Mutual Economic Assistance"]

[Excerpt] In the last 30 years, with the assistance from socialist countries, Vietnam has built over 300 projects and is building over 100 projects in key fields of the national economy, such as energy, chemicals, engineering, construction materials, communications and transportation, and agriculture. In the past 5 years alone, tens of projects whose construction had been aided by the Soviet Union have become operational.

In the past, economic relationships between Vietnam and other socialist countries consisted primarily of receiving grant-in-aids and other loans made under favored conditions. At present, due to the strengthening of our economic infrastructure with the assistance of brotherly countries, together with other members of CEMA, Vietnam is participating in international labor distribution, in production specialization and cooperation, in coordinating development plans for the national economy, and in solving many issues in the economic, scientific, and technological fields.

International cooperation with most country members of CEMA is primarily based on creating an economic balance in terms of interrelationships with foreign countries. Also in the framework of the same council, Vietnam is gradually shifting from the forms of foreign exchanges and technical assistance for new projects to a form of production cooperation, such as the case of production cooperation between Vietnamese and Hungarian light-industry enterprises presently in progress. A large quantity of products manufactured in Vietnam with Hungarian raw materials is being shipped to the Hungarian People's Republic. Bulgaria is providing Vietnam with certain varieties of raw materials for the manufacture of electric motors to be used in the Bulgarian engineering sector. Cooperation between Vietnam and Czechoslovakia in the shoe industry is bringing about handsome dividends.

In the field of planting and producing natural rubber, Vietnamese-Soviet cooperation is successfully developing. In 1985, both parties coordinated their efforts in planting 50,000 hectares of rubber plants in southern provinces. Presently, Vietnam and the Soviet Union is beginning the implementation of a new accord pertaining to the establishment of rubber plantation zones with a total area nearing 300,000 hectares, including 110,000 hectares planted during the current 5-year plan. Other countries in CEMA such as the German Democratic Republic, Czechoslovakia, Bulgaria, and Hungary are also cooperating with Vietnam for the planting and exploiting of the rubber plant on a total area of 100,000 hectares. The expansion of cooperative projects in this field is gradually addressing the economic needs of socialist countries which must, for the time being, buy most of their needed natural rubber from developing and capitalist countries. It is expected that by the end of the century, Vietnam will be able to satisfy all the needs of the members of CEMA in this important product.

Since 1982, Vietnam has strengthened its cooperation with the German Democratic Republic, Czechoslovakia, and Bulgaria for the production of coffee and for augmenting the export tonnage of this product to brotherly countries. The general coffee planting area in Vietnam will go up to as high as 40,000 hectares, the output of this product will increase many times compared with the present output, and much more coffee will be exported to European member countries of CEMA.

Cooperation in the field of tropical vegetable production is extremely encouraging. By the year 2000, Vietnam will be able to provide over 30 percent of the needs of the Soviet Union in tropical vegetables and to supply other socialist countries nearly 600,000 tons of fresh and processed vegetables.

Brotherly countries are not idle in view of the still slow economic development of Vietnam compared with the development of other country members of CEMA. At a high-level economic conference of the council (June 1984), a resolution was adopted to assist Vietnam in rapidly developing its national economy and in participating more extensively and efficiently in international labor distribution.

The cooperative relationships between Vietnam and other country members of CEMA have developed from a form of receiving aid under favored conditions to a system of cooperation bringing incentives to both parties, and from an endeavor to overcome economic backwardness and dependency to the strengthening of the infrastructure of the national economy and an expanded participation in international socialist labor distribution. Here lies the logic and objective evolution of this development.

Cooperation With Soviet Union

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 11 Sep 86 pp 1, 4

[Article by Q.T.: "Continuous Expansion of Vietnam-Soviet Economic Cooperation"]

[Text] In the afternoon of 9 September 1986, a roundtable meeting was organized by the branch office of Ho Chi Minh City of NOVOSTI (APN) Press Agency, with the theme "Vietnam-Soviet economic cooperation viewed under the Soviet initiatives for strengthening peace in the Asian-Pacific area, and the most recent statement of Mikhail Gorbachev, general secretary of the CPSU." In attendance were correspondents of the press and of the radio and television stations, and Comrade V.I. Fedotov, deputy economic attache of the Soviet Embassy in Vietnam; L.P. Kirsanov, chief expert at the Tri An Hydroelectric Project; N.I. Provotorov, expert in rubber; and I.M. Lysov, chief of the bauxite survey delegation from CEMA.

At the meeting, a rundown on new developments in Vietnamese-Soviet economic cooperation was given by Comrade Fedotov. In the coming years, the Soviet Union will provide more assistance to Vietnam for the development of agriculture and in the export, energy, and fuel sectors. Of the 94 key projects (with a total budget of 1.655 billion rubles), there are 18 joint industrial-agricultural ventures (processing of agricultural products for export). With regard to the gas and oil sector, the comrade indicated that the Vietnam-Soviet Gas and Oil Joint Enterprise has begun its exploitation phase.

In the upcoming years, the Soviet Union will help us build the Oil Refinery Joint Enterprise with an annual output of 6 million tons. Assessing the achievements of the Tri An Project, Comrade Kirsanov stated that the quality and speed of the construction of the project's various components were not inferior to any of the outstanding projects in the Soviet Union. In January 1987, the project will fill in the Dong Nai River and by the end of the following year, generator unit No 1 will begin to produce electricity. Comrade Provotorov informed the press that the plan to expand rubber plantations in Vietnam is fundamentally sound. Vietnam will become a primary provider of rubber gum to members of the CEMA bloc. Speaking about the bright future of the aluminum refining sector in Vietnam, Comrade Lysov said that large reserves of this metal ore have been confirmed at the mines of Dac Lac, Dac Nong, and Bao Loc, and that is good news for the Vietnamese economy. In the near future, exploitation of the 1 May Mine will be achieved.

Answering a question by a correspondent of the SAIGON GIAI PHONG, Comrade Fedotov indicated that a freezing unit with a 4-million liter capacity (for the maintenance of export vegetables) will be built soon in Ho Chi Minh City. Plans for a coconut-oil processing plant in Nha Be are being drawn, and approximately by 1989, the plant will become operational and yield a daily output of 180 tons. It is expected that in the city and in neighboring provinces, 9 to 10 similar plants will be constructed. Therefore, the development of coconut planting in provinces of the Mekong delta, such as Ben Tre and Minh Hai, is extremely indispensable. Besides, Ho Chi Minh City will also be an important

linchpin in the provision of vegetables, fruits, and other staple commodities for the Soviet Far East which is an area with extremely harsh climatic conditions offering great economic potential for the Soviet Union. The Soviet comrades also responded to other questions asked by the press regarding the progress of gas and oil exploration and exploitation, and the perspectives of the rubber, hydroelectric, and aluminum refining sectors in Vietnam.

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CSO: 4209/75

DRAFT REPORT TO FOURTH CONGRESS OF PARTY ORGANIZATION

Hanoi NHAN DAN in Vietnamese 19 Sep 86 p 3

[Draft report by the executive committee of the Song Be provincial party organization to the Fourth Congress of the party organization: "Socioeconomic Situation and Tasks of Song Be Party Organization"; passages within slantlines in boldface]

[Text] /Assessing the situation in the past 5 years (1981-85), the draft report by the executive committee of the Song Be provincial party organization to the Fourth Congress of the party organization says/:

Over the past 5 years (1981-85), agriculture in Song Be Province made a step toward overall development. After the provincial authorities handed over 37,000 hectares of farmland to the rubber sector, 2,136 more hectares were obtained by opening new lands and reclaiming fallow ones. The average output of wet rice rose from 2.09 tons per crop in 1980 to 2.9 tons per crop in 1985, which raised the gross output from 131,081 tons in 1981 to 187,437 tons [in 1985] and increased the average per capita output (except that of rubber plantation workers) from 230 kg in 1981 to 300 kg in 1981 [as published]. Slash-burn fields were reduced from 27,900 to 22,000 hectares. The provincial population of 669,500 in 1981 rose to 774,470 in 1985.

The per hectare outputs fixed for the cassava, corn, and sugarcane crops were not fulfilled mainly because of the unsoundness of the investment and pricing policies. Ever since these policies were rectified in 1985, gradual changes have been obtained with these crops.

Other short- and long-term industrial crops--such as peanuts, rubber, cashews, pepper, and coffee--were developed at a fairly high tempo.

The domestic livestock increased 37.5 percent. The hog herd numbered 83,038, showing an increase of 25 percent.

The forestry sector yielded 402,000 cubic meters of timber, 540,000 steres of firewood, and 195,000 tons of raw materials for paper production; 2,200 more hectares were afforested and 14,400 [hectares of] forest land were entrusted to villages, cooperatives, and production collectives. In addition to the old state forests, 7 more were created; all in all, there are now 13 state forests.

Concerning the yield of industry, small industry, and handicrafts, and the production of consumer goods, the average yearly output value increased 17.3 percent as compared with 14.1 percent during the 1976-80 period, which raised the gross output value to 786 million dong as compared with 424 million dong in 1981; the former figure included 493 million dong of output value contributed by the small industry and handicrafts sector. All districts created more industrial installations to process livestock feed and to produce plywood, sugar, bricks, and tiles.

Concerning the distribution and circulation of goods, the state and collective commercial forces extended it to villages and hamlets in remote ethnic regions. In 1985, 30,800 tons of paddy equivalent were mobilized and purchased (as against the set norm of only 30,000 tons).

Both imports and exports showed some progress.

As for socialist transformation and the consolidation of the new production relationships, 82 percent of all peasant households and 80 percent of the total farming area were collectivized.

In the areas of social welfare, education, and public health, the number of students of basic general schools and general middle schools rose from 115,500 in 1980 to 153,541 [in 1985] and that of kindergarten pupils rose from 12,850 to 23,095. Public health stations were created in 131 out of a total of 133 villages, and hospitals and drug stores were founded in 7 districts.

Concerning the defense of the socialist fatherland, the province conducted the all-people's maintenance of national security and defense while supporting the northern provinces, building a strong defense battle position, and fulfilling its international obligation to the brotherly province of Kratie.

With regard to shortcomings in leadership, the provincial party committee noted that the management standard was still low. Due importance was not attached to party building from the political, ideological, and organizational points of view [there was a failure to develop democracy within the party, to apply correctly the principle of collective leadership and individual responsibility, to keep up and develop self-criticism and criticism, and to develop the masses' role as owners; a number of cadres became spoiled and degenerate; the working method proved unrealistic; disunity was found in party committees at various echelons].

/As for the guidelines for the socioeconomic tasks during the years 1986 to 1990, the draft report says/:

It is necessary to stabilize and develop production, to stabilize and further improve the people's lives, to bring about noteworthy changes in the society, to build more material and technical bases for socialism, basically to complete socialist transformation, and to meet the requirements of strong national defense and security by associating national defense with the economy and vice versa.

The party organization considers it of paramount importance to arrange a rational production structure and to apply a sound investment method in order to develop agricultural comprehensively, including forestry, agriculture, and an industry designed to process agricultural and forest products. Because of the need to arrange production and to apply the investment system on a priority basis to agriculture by supplying it first with capital, materials, and services, the industrial, communications and transport, circulation, servicing, scientific, and technical sectors must concentrate their efforts to promote agriculture, to meet the people's need for grain and food products, to provide raw materials for industry, to process important agricultural products for export and create their supply sources.

Efforts must be exerted to achieve the following yearly outputs by the end of 1990: 250,000 tons of grain including 80,000 tons of processed subsidiary food products; 5,400 tons of meat of various grades (2,400 tons of pork, 1,000 tons of buffalo meat and beef, and 200 tons of poultry); 540 tons of edible oils; 2,400 tons of freshwater fish; 12,000 tons of sugar of various kinds; and 7.5 million liters of sauces.

The strong factors for overall development of agriculture are both short- and long-term industrial crops--such as peanuts, sugarcanes, tobacco, pepper, cashews, coffee, rubber, etc.--which are abundant sources of raw materials to be supplied to the industries which process and export products in order to obtain imports and reinvest them in the agricultural and other economic sectors in the province. By 1990, efforts must be made to produce 20,000 tons of peanuts, 300,000 tons of sugarcanes (including 120,000 tons to be delivered to the centrally-run sugar factory), and 700 tons of dried tobacco; to grow long-term crops, such as pepper, cashew, and coffee, on 16,000 more hectares; and to plant rubber trees on 5,000 more hectares (excluding the rubber plantations owned by the central level).

During the (1986-90) 5-year period, an important agricultural measure is to make priority investments to perfect the existing key water conservancy projects and to combine the zoning and building of fields with in-field water conservancy activities and with the development of rural communications. Arrangements and investments must be made to expand the scale of enterprises which produce organic fertilizer and to extend transport means to production installations. Part of the foreign currency available must be used to import accessories and equipment for agricultural tractors. A specific program must be drawn up to introduce new seeds and new livestock breeds to substitute for the old low-yield varieties and species. By 1990, there must be a new bovine herd and every district must have a breeding-pig farm capable of providing breeders suitable to the local stock-farming conditions. The existing water area must be used to breed fish and shrimp and this task must be coordinated with investments in building export-shrimp ponds in Di An. In the districts of Binh Long, Dong Phu, Loc Ninh, and Phuoc Long, areas totalling about 15,000 hectares must be delineated and developed to grow yellow corn. At the same time, new high-yield varieties of corn must be introduced.

The forestry sector must concentrate on protecting the existing forests, growing plants on bare hillsides and lands, completing the transfer of forest lands and forests to districts, villages, and cooperatives for management, and coordinating this task with implementing the plan to settle farming and life for the ethnic minorities. Some 90,000 hectares of bare land and hillsides must be cultivated and 70,000 hectares of land and forests must be entrusted to the collective economic sector and distributed to individual households for animal husbandry, soil improvement, and new cultivations.

Efforts must be made to build a timber-processing factory capable of producing 15,000 cubic meters of dressed wood and to invest in improving the Vinh Phu-Thuan An enterprise to enable it to produce each year 300 tons of paper pulp and 250 tons of paper of various kinds.

It is necessary to develop local industry, to step up state industry, and simultaneously to pay due attention to small industry and handicrafts. In the next 5 years, efforts must be concentrated to exploit and process agroforestry products and minerals, to develop major sectors and trades, and gradually to shape economic and technical clusters.

Building materials and pottery for civilian use must be produced. Rubber and chemicals must be processed and efforts must be exerted to find a large market, especially among the socialist countries, so as to produce each year between 4 and 5 million pairs of foam rubber sandals and between 300,000 and 400,000 tons of rubber roofing sheets. Installations which produce tires and inner tubes of various kinds must be reorganized, part of the foreign currency available must be used to import chemicals, and efforts must be united to increase the yearly output of printing ink to between 150 and 200 tons.

The main task of the mechanical engineering sector is to produce improved farming implements as well as tools for processing grain and subsidiary food products and to carry out minor, medium, and major repairs of cars and tractors of various types.

Small hydroelectric stations with a capacity ranging from 20 to 100 kw must be built in the northern districts. The existing state-operated electric network in the southern districts must be expanded. A new 110-kw electric line must be installed between Long Binh and Dong Phu. Peat must be used gradually to replace other types of fuel.

Traditional occupations in the province--such as the production of lacquer ware and fine ceramics--must be developed.

Greater importance must be given to the development of communications, transportation, and infrastructural components in order to serve production, daily life, and national defense.

It is necessary to determine an appropriate scale and formulate a suitable pattern for investments in capital construction according to a list of

priorities for each project component. Capital must be concentrated on the production of agricultural, consumer, and export goods, with priority to be given to in-depth investments and homogenization. The number of new projects whose construction will be started must be limited and the building of projects whose construction do not yet have the necessary conditions or which cannot yet operate efficiently must be postponed.

Population must be planned and jobs given to laborers. By 1990, the population growth rate must drop to 1.8 percent (as against 2.3 percent in 1985). The work force must be organized and assigned to on-the-spot projects, state forests, and rubber plantations, and also to expand new economic zones, especially in regions endowed with key water conservancy works.

Ownership must be extended to the circulation and distribution of goods by monopolizing the purchase and sale of grain, strategic materials, and staple commodities, such as pork, beef, salt, medicines, fabrics, readymade clothes, coal, firewood, and other types of fuel. The organization of the state and collective commercial sectors must be strengthened and expanded; organizational and professional standards must be raised according to the socialist commercial method. It is necessary to take hold of merchandise and currency in order to control the market. To grasp products and goods right at their sources, it is necessary to sign economic contracts at the beginning of each production season and quickly to supply materials and consumer goods to meet the requirements of production and daily life. Competitive purchases and sales with the objective of profiting from price differentials must be prohibited. Marketing cooperatives must be strong enough to master the rural market and, on behalf of the state, must develop relationships of organized and planned exchange between industry and agriculture and between workers and peasants--the two classes who play the role of owners and are placed under state management and party leadership.

Socialist commercial organizations must move forward to take hold of wholesale, to control most retails, and to master the market and prices.

The market must be reformed and managed regularly and continuously, especially in cities and towns and in concentrated zones specialized in growing and producing valuable agricultural goods. Economic sabotage activities including speculation, smuggling, underhanded dealings, theft, and the siphoning of goods from the state economic sector to the outside market must be severely punished.

Because of the presence of the household, individual, and private economies and due to the consumers' need for certain essential goods, the free market still exists to the required extent. Therefore, the immediate task is to try to stabilize prices gradually.

It is necessary to step up socialist transformation, to improve the quality of the new production relationships, and continuously to intensify the socialist transformation of commerce, small industry, and handicrafts. At the same time, it is necessary to improve the quality of collective production

relationships in the agricultural sector, to strengthen the socialist economic forces, and to combine the state and collective economies and enable them to play the leading and controlling role in the national economy.

In the agricultural domain, concentrated efforts must be made to strengthen cooperatives and production collectives and to improve their quality. The end-product contracting system must really be applied to labor groups and individual laborers. A plan must be devised to produce numerous plant cuttings, to develop many occupations and crafts, and to abolish monoculture.

In the commercial area, it is necessary to abolish capitalist trade.

Small and middle traders who possess capital and special skills and who cannot yet be replaced immediately by the socialist commercial sector must be organized, reformed, and used in many forms compatible with various categories of goods. Moreover, inventorying and control must be carried out regularly.

Concerning small industry and handicrafts, it is necessary to manage tightly certain sectors which the state needs to control directly and manage uniformly (such as sawmills and the heavy truck sector) and which have been reformed and turned into state-private or cooperation enterprises. The state will allow private individuals to develop the production of consumer goods but will subject them to state inventorying and control. The ceramic and lacquer sectors must be reorganized on the same lines as the economic and technical sectors and must combine the state-operated, collective, and private individual elements to develop production according to plan.

Import-export activities must be expanded and carried out more effectively.

The economic management apparatus must be updated. To this end, it is first necessary to update planning to enable it to exert an ever more decisive effect on the directions of development of the principal economic sectors, to direct state and collective economic activities, and to guide other economic components. It is, therefore, necessary to overcome the failure to formulate plans from the grassroots level on up, and also necessary to give up the habit of dissociating production from the market, consumers, prices, and profit. A planning method must be devised in conformity with the economic situation which is still marked by imbalance among many areas. Conditions must be created to encourage all sectors at all levels and all installations to take the initiative to achieve balance, to meet to the maximum the demand for materials and capital, to intensify exports to boost imports, to apply the system of legally compulsory and guiding standards, and simultaneously to consider it important to implement incentive policies, thereby ensuring that the formulated plans lead production installations to do business according to the guidelines and targets indicated in the state plan.

As for collective economic installations which rely on planning and guidance by the provincial and district levels, production plans must be drawn up by taking into consideration the daily needs of laborers and the demands of the

market. The state must use taxes as a tool, apply the method of making advance investments, sell materials while buying products, or order goods by contract. After paying all taxes and delivering the exact quantity of product to the state, collective economic units are allowed to sell the remaining product at an agreed price; if this remainder is not bought up by state economic units, it may be sold on the market at the price fixed by the state. Conditions must be created for districts to take the initiative in planning and in managing finance and materials in all stages--from the production and circulation of goods to the care of the material and cultural lives of laborers--in order to exploit the potentials of labor and land as well as local raw materials and to use the existing equipment and machines to full capacity in the production process. The province must continue to decentralize the district level, revise the promulgated decisions, repeal any provision inconsistent with the new management system, issue new and appropriate decisions, and immediately amend economic contract ratification procedures which, due to their complexities, have created numerous difficulties and delays.

In organizing the economic management apparatus, right now, it is necessary to unify and streamline level-2 commercial corporations subordinate to the province, to unify import-export organizations under a single leading center directly subordinate to the province, and to revise and reorganize the provincial and district organizations in charge of material supplies. Units whose function has nothing to do with buying and selling must not be allowed to carry out commercial activities, including purchases and sales.

The administrative staff must be reduced to make the managerial task more practical and effective and suitable to the requirements of the new management apparatus.

In our province, there are many centrally-run economic units which are performing production in almost all districts and towns, especially in the rubber corporations. Right now, all districts and centrally-run economic units must actively coordinate their production plans; build infrastructural bases to promote production and improve the lives of cadres, workers, civil servants, and laborers; cooperate in exploiting and using all the potentials of labor and land and all the capacities of equipment, machines, and transport means to better promote production as well as the construction of public welfare projects; and join forces to manage the market and to maintain public order and security in every district and town.

/Regarding the need to enhance the leadership capacity and combat strength of the party organization, the draft report points out/:

To update the corps of cadres--especially leading cadres at all levels--is a very urgent task. The party organization must select and reassign cadres to meet the requirements of political tasks. At the same time, it is necessary to train and improve cadres to enable them to acquire a knowledge of and capacity for leadership and management, to understand objective laws fully,

to form new economic concepts, to apply creatively the party's lines and policies, to display a high sense of organization and discipline, to establish close contact with the grassroots level and the masses, and to fulfill their missions. The corps of economic cadres must first be changed. More young cadres with leadership capacities must be assigned to leading and management organs.

The principle of democratic centralism must be upheld and the working method updated. It is necessary to elevate the disciplinary spirit and to stress compliance with the party's regulations, to implement strictly its lines and policies, and to speak and act in conformity with its resolutions. Collective leadership must be strengthened and democratic activities within the party must be broadened.

The revolutionary virtues of cadres and party members must be enhanced while the struggle against negative manifestations within the party must be waged. Degenerate and deviant elements must be firmly expelled from the party.

The combat strength of primary party organizations must be increased. Efforts must be made to ensure that, by 1990, each cooperative, production collective, hamlet, and city people's cell will have a party chapter or cell, or at least a loyal cell to act as a hardcore.

The propaganda and educational method aimed at improving the quality of party activities must be updated. Close contact must be established with the grassroots level and the masses to propagandize and explain policies and, at the same time, to collect public opinion. Propaganda organs must improve the themes of their activities as well as their working method and must reach remote and isolated rural areas, regions inhabited by ethnic minorities, agroindustrial installations, state forests, and various enterprises.

Efforts must be exerted to complete, by 1990, the training of incumbent key cadres and similar cadres from the provincial to the district, village, and subward levels and in cooperatives and production collectives.

It is necessary to ensure that the working statutes proper to party committees at all echelons are strictly observed, that the principle of democratic centralism, collective leadership, and individual responsibility is applied, that important issues are resolved by vote according to the minority-yields-to-majority principle, and that in the party, there are only one will, one voice, one action, and one style of living and working.

9332/12795

CSO: 4209/96

INCOME DISPARITIES IN RURAL AREAS DISCUSSED

Hanoi NHAN DAN in Vietnamese 5 Sep 86 p 2

[Article by Huu Tho: "Income Disparities in Rural Areas"]

[Text] Some people use the concept of "rich and poor" when speaking of the present income disparities in rural areas. But what is poor, and what is rich? There are many different degrees of rich and poor, depending on the time and the different geographical areas. In fact, public opinion wants to learn what the income disparities among the rural families are after the contracting of output was instituted, and find out whether or not there is, in addition to the normal development, anything that is not normal.

Here we do not intend to investigate the entire rural society but only the new manifestations of income disparities which have arisen in rural society since the introduction of the output contracting mechanism. Therefore:

1. An investigation of income disparities must be an investigation of the sources of income of each family. But the rural areas in the northern lowlands and midlands are no longer "closed off," as they were in the past. The rural areas have now "opened up," so the peasants have both agricultural and nonagricultural incomes. How can they be separated to find out how they have profited from output contracting?

In general, at present, both in areas which closely regulate contracting and those which practice "blank check" contracting there are still some peasants who encounter difficulties in their lives during the preharvest period. The numbers vary from place to place, but four to 10 percent of the families still do not grow enough to eat. Some of them "produce little and consume much," but in many places that situation is called "meat debts" (i.e. they are up to their necks in debt, mainly because they eat meat). That is a social aspect of life, and that situation is certain to exist in the future. But in order to understand the wealth or poverty of the peasant households brought about by the new output contracting mechanism it is necessary to understand their lives, in comparison to the time before the cooperatives implemented the new contracting system, taking 1980 as the base year.

2. Against the general background of society as a whole, after studying a number of rural areas I concluded that the difference between "rich" and

"poor" in the rural areas in recent years has not been as extreme as in the towns, cities, and municipalities. But a legitimate concern of many people in both the cities and the rural areas is that some individuals and families have "quickly grown rich not from income earned by legitimate labor." In all areas difficulties are still being encountered in the lives of people who earn honest livings. The present disparities in income are not due to the implementation of the principle of distribution according to labor, but to "chaos" in the distribution of income. The common desire is not to return to the method of equal distribution because of income disparities, but to stop illegitimate sources of income, correctly implement the principle of distribution according to labor, and achieve social justice. When I talked with peasants I found that they had no opinions about a peasant family that was one of the "richest" in An Thuong (Hiep Hoa), but talked a good deal about the family of a youth in Canh Thuy (Yen Dung), which had grown "rich" very quickly (although in fact it was not as rich as the peasant family in An Thuong). They could not understand how he had grown rich so quickly.

As the upper echelon had suggested, the differences between "rich" and "poor" in seven villages we were studying varied because the cooperatives had different levels of management and different economic structures.

In places which practice "blank check" contracting and lend at high interest rates, some people become poorer but few people grow rich.

There is also the case of Viet Hung village in Que Vo District, which practices "blank check" contracting, the management of which was explained by the upper echelon. In the cooperatives with "blank check" contracting the movement was deficient in all respects, in many places the party organizations lacked solidarity, and in many places the key cadres were involved in finance, so the prestige of the party organizations and cadres were low. For that reason, in such places it was very difficult to grasp the situation of the lives of each cooperative member family. We had to ask each member of the standing committee of the party committee about the situation in the hamlet in which the member's family lived. We were provided the following data:

Quot hamlet: three families were poorer, and 25 much better off, than in 1980.

Lo hamlet: three families were poorer, and 10 much better off, than in 1980.

Lua hamlet: two families were poorer, and 22 much better off, than in 1980.

From those specific data were calculated for each hamlet ratios were obtained for the purpose of analysis: about 1 percent of the families were poorer and about 10 percent were much better off.

With regard to the families the incomes of which had declined, we recommended that we be allowed to learn of the circumstances of each household. It was very clear that they included the "policy" families, which had always been the case, but especially families which lacked production experience, did not calculate norms, did not economize, and lacked capital, as well as families with orphans and widows. But a matter very worthy of concern was that there

were no prospects that the lives of such families would improve in future years because, since they lacked capital, future production cycles would be even more deficient than the previous ones. In places where the political movement is weak the traditional mutual-assistance activities in the hamlets have gradually declined, there are no collective funds, it is still necessary to borrow money at interest, and the families' base of social support was thin. That is a situation which must be rapidly overcome in socialism.

In the case of families which are "rich better off" (some people call them rich), what does the term "rich" mean? The comrades at the basic level think that prosperity is manifested in having rice reserves so that they can eat from one season to the next. When they can borrow money at high interest rates from another family, some families build brick houses, some of them with two stories and purchase additional conveniences (especially beds, attractive chests, sofas, clocks, etc.). Being well-off in that sense is not being terribly "rich." Perhaps it is necessary to pay attention to lending at high interest rates. It is very difficult to understand that matter. Three members of the standing committee of the village party committee said that in three hamlets "Such people do not specialize in lending money at high interest rates. Loans are made in rice to people who need it. If a basketful is borrowed at the beginning of the season, two basketfuls are repaid at the end of the season. That is very heavy interest. People who take loans conceal the identity of those who make loans, for they fear that in the future they cannot borrow from them" It was recalled that at the end of 1979, when the task contracting system was being implemented, we wrote in the newspaper NHAN DAN about borrowing at high interest rates in the rural areas, so it was not that there was lending at high interest rates in rural areas only after the implementation of output contracting. In such places the agricultural cooperatives were deficient, the credit and marketing cooperatives were deficient, economic management was deficient, and state management was also deficient. Thus the poor people had no one to turn to.

That is the situation in places where the movement is weak and is a worrisome situation.

In places which practice controlled contracting and expand commerce, no one's income has declined, living conditions have steadily increased, and the number of well-off people has increased rapidly.

We would like to speak of the An Thuong cooperative in Hiep Hoa District. In that midlands area the cooperatives, such as the above-mentioned Minh Dao cooperative, which is located on a river, have planted many trees. But Minh Dao has contracted out the planting of many trees, while at An Thuong the cooperative manages such primary crops as rice and peanuts, while the cooperative members grow the interseasonal crops. Thus the family economy in An Thuong is not limited to the gardens but has been expanded to production seasons in the fields, including winter sweet potatoes, vegetable winter corn, and most of the summer soybeans. Therefore, the turn-around time of land in that midlands area has increased to 2.1, and it is estimated that it will increase to 2.5 in the coming 5-year plan.

There the cooperative exercises rather tight control and the movement is good in all regards. However, about 5 percent of the families still experience difficulties during the interseasonal period. But no family's income is lower than in 1980. More accurately, one family encountered more difficulties, but thanks to assistance by the hamlet and the cooperative it's situation has also improved. Take as an example the case of Kho at Doi Nui. He is a disabled veteran whose wife died 2 years ago and who has seven dependents. Those are indeed difficult circumstances and his living conditions should be more difficult. But the party cell encouraged the people to help him at planting time, so he did not have to borrow. During the past fifth month-spring season he delivered the full contracted amount and the family's situation improved, although not much.

According to the secretary of the party committee, the secretary of the party chapter, and the cooperative director, at least 30 percent of the families were better off (i.e. many more than in places which practice "blank check" contracting). We wanted to hear about why the "richest" family in the village was not known in the hamlets. Those comrades talked about the family of Mr. H and I confirmed what they said by a district cadre who was from the same area. Mr. H's family included one member who had joined the army, and within a few days another member would also enlist. Thus it could be said that his family was a "policy" family. But the important thing was that the family still had workers--his grandparents, two daughters-in-law, and two children--all of whom were hard workers. The family economized in household expenditures. It did not lend at interest. It accepted three mau of contracted rice land, 0.6 mau of peanuts, and 0.8 mau of summer soybeans. By this time his family had about six tons of paddy. Its facilities included a water buffalo, a horse, a threshing machine, a pump, and a horse-drawn cart. He had a rather large brick house. He had five bicycles, one for each of the children. Recently he bought a brand-new motorbike with gold. He did not like gold but the seller demanded it, so he had to sell peanuts and then buy gold. He bought the motorbike primarily not for travel, but so that the family could have something of value. Someone else said that we bought additional peanuts at the beginning of the season to, along with his won, sell to the foreign trade sector.

The family was one of the "rich" ones, in that it was prosperous and earned its living legitimately.

I asked the cadres in the village, "Did Mr. H buy land?"

"No! Who would sell it to him and who would let him buy it?" "Did Mr. H lend at interest or hire workers?"

"At first we were suspicious. But we didn't see him making any loans. Nor did he hire any workers."

Thus he was still a peasant cooperative member. But did he do a little hoarding, along the lines of "buying peanuts at the beginning of the season and wait for the best time to sell them?"

At first, we believed that in "blank check" contracting, i.e. in the peasant earning a living freely, and that the number of rich people would be greater than in the other places. But that would not be the case if the well-off peasants were accompanied by exploitation or speculation. In places with good management which expand commerce (essentially with the mode of soft management), the number of people who are better-off is much greater than in places with "blank check" contracting. The peasants, including those with prestige, do not want "blank check" contracting. As for how to overcome "blank check" contracting, the basic, district, and provincial levels and the central echelons are all responsible, and full responsibility should not be placed on the basic level. Material bases alone are insufficient and materials alone are insufficient (a widespread situation is not achieving the "five corrects," as the Ministry of Supply and the materials supply corporations desire), so how can the basic level overcome it? I questioned the directors of two cooperatives with regulated contracting, who said that in order to do its work the cooperative must have at least 50 percent of the materials for a season on hand at the beginning of the season. How can those materials be obtained in the present situation? "By obtaining them ourselves!" replied those comrades. The director of cooperative T told the truth:

"As for nitrogenous fertilizer, I have nothing to say. As for gasoline, we are supplied three tons a year to fight flooding. That is very generous and shows special consideration, but I need seven to eight tons more."

"Where did you obtain it?" I asked sincerely.

"I had to buy it. I also bought 500 tons of coal from another units."

"Where did you buy the gasoline?"

"There is an entire 'submerged' supply system. Someone went in advance to make arrangements. At the appointed time, a truck, the license plate of which was smeared with mud, arrived. If enough wasn't loaded, it is made up for on a second trip. When bought from the state a kilogram of oil cost five dong but we must sell 1.5 kilos of paddy at the guidance price. But the other unit charged a flat 10 dong, so it was cheaper."

"Where did they get so much?"

"From the state, who else?"

"So tell the truth, I didn't dare do it alone. It would have been suicide to do so. I had to report to the party committee and seek its opinion on the proposal, the quantity to be bought, and prices. The 'collective' gave proper approval. At times I must also report the district."

Those are "new conditions" of management. They clearly show the negative aspects of society and how the state organs "stick their noses" into the rural areas, and how great our responsibility, the responsibility of society, and the responsibility of the management echelons, is toward the basic level!

Trying to categorize "well-off" people for research purposes:

We returned to the family of comrade Tuy, in unit 14 of the Canh Thuy cooperative, as recommended by the upper echelon. His family, which had few workers, contracted from the cooperative 0.4 hectare and an output norm of 105 kilos per 0.1 hectare. It attained an output of more than 200 kilos. It may be said that his family, which worked hard and surpassed its contracted norms, was representative of an average family. It only grew rice. The family had a small brick house which had been built long ago. There was no new furniture in the house. The family had only enough to eat and had only a little left over after the season. Once again it was affirmed that in the present situation, in the rice-growing areas even peasants who work hard and surpass the norms cannot quickly become well-off.

We carried out a separate investigation in two familiar villages in the provinces of Ha Nam Ninh and Hai Hung and categorized a number of families which had quickly become well-off (we emphasize "quickly") during the past 5 years. Now, when I went to Ha Bac I solicited the opinions of the key cadres in seven villages, and when I returned to the provincial capital I reported to the secretary of the provincial party committee. Each comrade reported on the situation in his locality and contributed opinions. I adjusted my opinions to conform to the majority in order to reach a generalized conclusion about income disparities among the peasants:

At all times there are some families which are chronically short of food, even when there is a successful harvest. No matter what the contracting system, they lack food. According to an old proverb, "no one hard-up for three generations," but some peasant families are. Such families have many members but few workers, lack production experience, do not economize, and encounter unexpected difficulties. Their numbers range from 4 to 10 percent, or even more, depending on the place. Once they become hard-up they are hard-up for good, and if one season is difficult the following season is even more difficult. That is a matter with which all of society must be concerned. In places where leadership is good and the cooperatives are good, the number is smaller, but I understand that many places have not done a good job of resolving that problem.

During the past 5 years, the peasants' living conditions have improved, and may be called "comfortable," but in general that only means that their houses are better, they have more conveniences, and they have more food and clothing. Such families quickly became "comfortable" because the new contracting system created conditions for them to work hard, gain production experience, and learn about science and technology. In places with good management the number is larger. Places with rice monocultures are still experiencing difficulties. In places which expanded the growing of industrial crops and export crops, the situation is better.

Many comrades classified the families which had rapidly become "well-off" in the rural areas as follows:

1. Families which have an "advantage" with regard to agricultural and nonagricultural sources of income because the husband and wife, their children, and their parents work in sectors relevant to materials, the exchange of goods, taxes, transportation, etc., or other organs which have authority with regard to goods and materials. Some corrupt village and cooperative cadres, such as directors, accountants, directors of marketing cooperatives, unit heads, unit secretaries, etc., have also become rich very quickly. In other words, most have illegitimate nonagricultural incomes.

2. Peasant families in some areas with many kinds of products, in part because of our goods exchange mechanism, so in addition to the goods they produce they also buy and sell goods, thus becoming peasants who participate in market activities by being small speculators and small hoarders.

3. The third type are peasant families with labor, implements, and production experience who surpass their norms, economize in consumption, have enough to last from one season to the next, and increase their production season after season under normal weather conditions.

At first, our accounting encompasses seven types, but the comrades studied the local situation and recommended that three categories would be more appropriate. We agreed with their opinion. With regard to that situation, there are a number of rather important matters:

The extreme disparity in incomes, such as in some places at present, is due to the influences of the negative phenomena of so society at large, and to an important degree to the shortcomings of our policies, with which we will deal in a later part. But if a peasant only does contracted work and makes his living legitimately, he has to be very skilled if he is to have a slight surplus, buy a few conveniences for his house. The cooperatives have the primary responsibility for families which become poorer, a situation which can and must be overcome.

In the rural areas I clearly noted that people are only dissatisfied, and sometimes angry, because of peasants who grow rich quickly from illegitimate incomes, while the law doesn't touch them. They also do not want to one-sidedly help people who "do little but eat much," but are concerned when they see people who have encountered prolonged unfortunate circumstances and difficulties, and are ready to help them if the party chapter and the party organization bring the matter up and have good organization.

Not all policy families are hard-up. But it is necessary to pay all-out attention must be paid to those which are headless and encounter unexpected difficulties.

5616

CSO: 4209/50

DECLINE OF SUBSIDIARY FOOD CROPS IN SONG BE DISCUSSED

Hanoi NHAN DAN in Vietnamese 15 Jul 86 p 5

[Article by Cuu Long: "Why Have Subsidiary Food Crops Rapidly Declined in Song Be?"]

[Text] Great subsidiary food crop potential:

Song Be, a province with a rather large forest area, can use only half of its nearly 1 million hectares of agricultural land to develop the various kinds of grain crops and industrial crops. The land set aside for grain production amounts to only 23,000 hectares of rice land, most of which is concentrated in four districts in the southern part of the province. In addition, there are tens of thousands of hectares of basaltic and grey soil concentrated in four districts in the northern part of the districts which are very suitable for subsidiary food crops. That enables the province to have conditions for growing both rice and subsidiary food crops in order to solidly resolve the grain problem. In fact, over many generations the peasants of Song Be have accumulated much experience in growing and using subsidiary food crops. During the first years after the liberation the output of subsidiary food crops, in paddy equivalent, accounted for about 50 percent of the province's over-all grain output.

There are many kinds of subsidiary food crops in Song Be: manioc, corn, potatoes, and kaoliang. The most important is manioc, which is grown on about 25,000 hectares. In Phuoc Long District its production is concentrated on 1,000 hectares and it has a rather good yield: an average of 9 to 10 tons per hectare.

In recent years, subsidiary food crops have helped Song Be Province overcome many difficulties with regard to grain and has enabled the province to fulfill its grain obligation. In the past, Phuoc Long and Loc Ninh provinces didn't have enough to eat, but thanks to the gradual development of both rice and subsidiary food crops they have gradually become self-sufficient in grain and the endeavoring to become the two districts leading the province with regard to grain mobilization. Subsidiary food crops account for more than 50 percent of the mobilized grain.

Why have subsidiary food crops rapidly declined?

That is the pretty and lively picture of subsidiary food crops in Song Be, but during recent years subsidiary food crops have continually declined with regard to area, yields, and output. According to statistical data, in 1980 the area devoted to manioc--the principal food crop--was 15,200 hectares, but by 1984 it had declined to only about 9,000 hectares. In 1970 Phuoc Long District had 4,600 hectares of manioc, but in 1983 it had only 632 hectares and in 1984 it had only 500 hectares.

The other subsidiary food crops have also declined. In 1983 Song Be had 17,100 hectares, but its present area is estimated at only 15,800 hectares. That has led to the ratio of subsidiary food crops in the province's grain structure steadily declining. Prior to 1979 subsidiary food crops amounted to nearly 50 percent of the province's total grain output, but since 1980 they have accounted for only about 20 to 30 percent. The decline of subsidiary food crops has greatly limited the results of grain production and the fulfillment of the province's obligations to the nation.

To understand the reasons why subsidiary food crops have declined is to understand the problems which must be resolved.

First of all, planning, zoning, and the delineation of the borders of subsidiary food crop area are not specific. Therefore, during the past several years the slash-burn subsidiary food crop and rice areas have been restricted by the setting up and expansion of rubber state farms, in accordance with the long-range economic development guidelines of the province and the central echelon. Although in the four districts in the northern part of the province there have long been rather concentrated specialized subsidiary food crop areas, production is still spontaneous in nature and scientific-technical investment amounts to practically nothing. The peasants still produce in the old way: they usually do not prepare the soil, use fertilizer, or tend the crops. Furthermore, because of the shortage of labor harvests are usually late, so because the soil is dry and hard manioc must be left in the ground until the following year, or for 2 or 3 years, so they are damaged by wild hogs, such as in the villages of Dac O and Da Kia (Phuoc Long), An Loc and Tan Khai (Binh Long), and Loc Quang and Loc Khanh (Loc Ninh).

Second, the state purchase prices of the various kinds of subsidiary food crops are not yet rational. After making calculations and concluding that growing manioc is not very profitable and requires a lot of work, many peasants have abandoned manioc and shifted over to growing other crops or to cutting down forests to make slash-burn rice fields.

Third, transportation and the signing of state purchasing contracts with producers have not been strictly implemented. Some years the fresh manioc was harvested but because of untimely state purchasing and transportation, hundreds of tons of manioc spoiled. As for the state purchasing dried sliced manioc, the peasants were very reluctant because storage is difficult during

the rainy season, the manioc easily becomes moldy, and there is insufficient storage space.

Fourth, although Song Be is a province with strengths vis-a-vis growing subsidiary food crops, there are very few subsidiary food crop processing installations. In the past there were seven private processing installations in the province, but now there are only four, and they operate irregularly because their machinery is old and in poor conditions, because of contract prices, and because management is not tight. In nearly all districts, there is only preliminary processing: slicing and drying.

The path of advance:

In order to resolve those remaining problems, in its agricultural development guidelines Song Be Province once again affirmed that subsidiary food crops and one of the province's strengths in resolving the food problem and creating premises for bringing into play the other local economic capabilities. The province also clearly realized the decline in subsidiary food crops during the past several years and adopted many positive policies and measures to resolve it. In addition to guiding the intensive cultivation of rice and adding rice crops (especially in the southern districts), it paid attention to strong investment in grain crops. Specifically, with regard to manioc it gradually developed specialized cultivation areas in Loc Ninh, Phuoc Long, Dong Phu, and Binh Long districts on the basis of paying attention to all aspects of intensive cultivation to increase yields, processing, state purchase prices, transportation, and marketing. With regard to state purchasing, it applied a new rice: the price of a kilo of subsidiary food was equivalent to a kilo of paddy. In addition to manioc, it expanded the corn area to 5,000 hectares by means of high-yield corn varieties. In order to resolve a concern that still exists on the part of some people that "if one grows subsidiary food crops one must eat subsidiary food crops," the province stressed the policy of developing subsidiary food crops, not only to eat but also to exchange for rice with the Mekong Delta provinces, to use subsidiary food crops for animal feed, and by means of processing produce raw materials for industry and export crops.

5616

CSO: 4209/43

CONTRACTED HOG RAISING IN HO CHI MINH CITY AREA TERMED SUCCESS

Hanoi NHAN DAN in Vietnamese 15 Jul 86 pp 6, 7

[Article by Phuong Nam: "Contracted Hog Raising in Ho Chi Minh City"]

[Text] The actual situation in Go Vap:

In 1984, there were 39,000 hogs in the six districts around Ho Chi Minh City. In 1985 the number of hogs declined to 34,000. According to the plan for 1985, the total number of hogs in the municipality should have been 270,000, but that goal was not attained. That decline came about not because the hog raisers do not know how to raise hogs, but for two principal reasons: a lack of bran and irrational state purchase prices. With regard to bran, according to the Municipal Agricultural Service, more than 160,000 tons of bran are required to raise 270,000 hogs. Because the municipality does not have sufficient bran, 99 percent of it must be bought on the outside. Thus the price of bran has shot upward. That, added to irrational state purchase prices, have caused animal husbandry to suffer losses.

When one visits Cu Chi one can clearly see that many "traditional" hog-raising families are not raising hogs. For example, in the past Nguyen Thi Huan, who lives on the outskirts of the town of Cu Chi, raised four or five sows a year, but now she raises only two. In 1984 the Tan Thanh cooperative raised 80 sows, but now it is only raising 14. The situation is the same in the districts of Hoc Mon, Thu Duc, and Nha Be.

But in Go Vap the situation has completely different features. It is famous for family hog raising. The number of hogs has been maintained and developed because most are raised on a contracted-out basis for the municipality's Animal Husbandry Corporation No 2. At present, the number of hogs being raised on a contracted-out basis is more than 120,000. Mr. Pham Ly and his wife are old but they always raise more than 80 hogs. Ngo Thanh Tuyet, of Subprecinct 12, raises between 60 and 100 hogs. The hog-raising families in Go Vap are very content. They said, "The present state purchasing price of hogs is based on the price of paddy. As long as the price of paddy is not realistic, hog raising will be unprofitable. But when the raise hogs on a contracted-out basis we have no worries because the contracts include a clause which states that the corporation is responsible for insurance to ensure that the capital invested by the hog raisers does not lose value."

On the basis of the actual situation in Go Vap, in recent years Ho Chi Minh City's contract hog-raising movement has developed.

What is the form of contracted animal husbandry?

In the past, Ho Chi Minh City's Hog-Raising Corporation No 2 was only a small enterprise which specialized in producing animal feed. Its output was less than 3,000 tons a year. After it improved its machinery, equipment, and production lines and formed joint operations and alliances with the localities to create sources of raw materials, its output increased rapidly, from 2,430 tons in 1980 to 21,186 tons in 1985. Because it supplied such a large amount of animal feed to society, the state should have received a certain quantity of finished products. On the contrary, the state received very little or nothing. Why? It is evident that the distribution of profits from the hogs that were produced was very irrational and that it cost the state a good deal to supply feed for animal husbandry. It even suffered losses in many respects. The people raising the hogs also had to invest considerable capital and labor in raising the hogs, but didn't earn as much profit as the private merchants and the slaughterhouse owners! Therefore, it was necessary to change things: if the state supplied feed for animal husbandry, there had to be a way to redistribute profits fairly and it was necessary to control the final product, i.e. all of the meat that was produced. That problem could be resolved in two ways: the first was to expand state animal husbandry, the second was to contract hog raising to the people.

Thus Hog-Raising Corporation No 2 implemented a policy of contracting out hog raising. However, it attempted to do so several times with no results. The principal reason was that five organs were involved in managing contracted hog raising, but none of them had final responsibility. The commercial sector signed contracts with the contractees, the bank lent capital, the animal feed corporation supplied feed, the breeding stock corporation supplied breeding stock, and the veterinary medicine station guarded against diseases.

In order to resolve that situation, Hog-Raising Corporation No 2 was authorized to take the initiative in commerce and was assigned all five of those functions. Thus it was responsible for all aspects of contracted hog raising, from the first phase to final output.

At first the form of contracting hog raising at first brought about many results. Thousands of families asked to register to raise hogs on a contracted-out basis and the number of hogs increased rapidly, from a few thousand to between 20,000 and 30,000. But then there arose many negative phenomena, such as bribes to up grade quality when the hogs were purchased or when contractees received pigs. Because the veterinary medicine work was administrative and subsidizing in nature, hogs were often not given timely treatment.

Implementing resolutions 6 and 8 of the Party Central Committee, Hog-Raising Corporation No 2 once again improved its method of managing contracted hog raising, gave the hog raisers the right to take the initiative in production, and eliminated subsidies and red tape in the management process. IN

accordance with the new working method, people raising hogs on a contracted basis were authorized to go to contractees raising sows to select the breeding stock they wanted. The corporation paid the transportation expenses. That served to stimulate positiveness on the part of the hog raisers because they had good pigs they had selected, so they made even greater efforts to raise them well. It also served to lessen red tape and reduce expenditures for vehicles and POL [petroleum, oil and lubricants] used in transportation, and reduced the loss of pigs in the process of obtaining and distributing them by 93,000 kilos in comparison to the old method. The corporation assigned norms to the people raising hogs on a contracted basis. With regard to veterinary medicine, the norm was 10.5 dong worth of medicine for every kilo of weight increase. The raisers take the initiative in preventing hog diseases, with the assistance of the local veterinary medicine cadres. The feed used per kilo of weight increase is 0.5 kilo less than in the family and collective sectors for meat hogs, and 1 kilo for breeding hogs, which saves the state thousands of tons of feed a year. Furthermore, the state does not have to invest much capital in capital construction.

Thanks to the application of the form of contracted hog raising, in accordance with the slogan, "The state and the people work together," within a period of only 3 years Hog-Raising Corporation No 2 in Ho Chi Minh City increased the number of hogs to more than 40,000, more than one-fifth the total number of hogs in the city, which has provided jobs for more than 5,000 families, saves the state 1,898 tons of feed every year, and reduces the state's investment expense by 10.3 dong per kilo of pork.

In 1986 Hog-Raising Corporation No 2 has a plan to raise 72,000 hogs and produce 2,500 tons of pork for export. There major problems that have been posed are producing feed, supplying pigs, and the policy toward people contracting hog raising. Having gained experience in recent years, the corporation is taking steps to resolve those problems well, in order to victoriously fulfill the plan that has been set forth.

5616

CSO: 4209/43

NEWS MEDIA CRITICIZES PUBLIC CORRUPTION, MALFEASANCE

High Level Malfeasance in Office

Hanoi LAO DONG in Vietnamese 7 Aug 86 pp 3, 7

[Article by Nguyen An Dinh: "Another Opinion on an Article in This Paper; 'What Has the Guest House of the Ministry of Communications Become?'; Crooked Ways To Get Roomier and Nicer-looking Housing; A Nebulous Case Involving Collective Properties That Needs To Be Elucidated; Be Genuinely Concerned About the Workers' Lives"]

[Text] This article is based on different sources of information: discussion papers and motions presented at the worker and employee conventions and the union congresses of the Officer of the Ministry of Communications and Transportation in 1985 and 1986; written recommendations of members of an inspection committee (created by Decision No 1285/VP dated 14 May 1986 of the Ministry of Communications and Transportation) handling cases involving the questionable distribution of housing; and suggestions made by cadres and workers of the collective residential complexes of Tram 10 (Cau Giey), Ham Tu Quan (Bo Song), and No 13 Cat Linh (Hanoi) of the Ministry of Communications and Transportation. Some other comrades doing professional work also came to the editor's office with appropriate documentation to talk. Some others wrote articles on their own with the hope of expressing in the press their legitimate grievances. Most recently, in GIAO THONG VAN TAI's No 27 (926) issued on 3 July 1986 there appeared an article entitled "Transforming an Office Building Into Personal Housing," which was written by Tran Van and which discussed the same matter. After the latter article, "the 61 Ham Long guest house" affair, with its tortuous episodes and its ambiguous history, made such a racket in the sector that it became a matter of actuality.

With the cooperation of my collectives in GIAO THONG VAN TAI and of many cadres and workers in the sector, I will try to clarify this controversial matter. What is the truth?

Many years ago, the Ministry of Communications and Transportation had a guest house located at 61 Ham Long, Hanoi. The house comprised 23 rooms and an office with an area of 344.5 square meters and was rented by the ministry from the Housing and Land Management Authority at a monthly rate of 757.9 dong. In addition to guest rooms, the facility had also a large collective dining hall

with all the conveniences which could be used as a banquet room for 400 to 500 people. Reasoning that the Ministry of Communications and Transportation is the second largest ministry in the country and needed a better-looking more elegant guest house, the ministry planned to remodel the facility. The project included a 4-story building beside the old villa named Al. Heartily interested in the project, provincial departments of communications and transportation gave their support. Some made cash donations from self-procured funds. Some offered in-kind contributions, such as the Thai Binh department which gave straw mats and the Dac Lac department which gave lumber. With such a generous funneling of material supplies and cash, after only a short time of remodeling, the guest house had many more amenities. But all of a sudden, there was a new plan, and this time, the new plan was diametrically opposed to the old one: the house had to be remodeled to become a residential house. Inevitably, certain structures were mercilessly torn down and freshly installed appliances and equipment were removed and replaced, causing unlimited waste. Color tiles in the Al villa which were not to the taste of the new masters, were pried up and replaced with a new kind of tile. Major sanitary appliances were installed. The new masters also saw to it that their rooms agreed with required standards but took as much constructed area as possible. Therefore, in the design, the hallway was very large and had doors as it were for a large room. Everything was completed. Then it was finally the time to turn over the last card. Who will come here to live? The second story, with an area of 108 square meters, was assigned to Le Kha, deputy head of the ministry. The ground floor, of the same area, was assigned to the family (four people) of Dang Van Dong, officer director of the ministry, and to Truong Quang Tieu, a bachelor and special secretary to the head of the ministry.

Also during the time that a public building was ingeniously metamorphosed into a residential house at 61 Ham Long, another magic number that turned a storage house containing traditional memorabilia into a private house that took place at 56 Dai Co Viet. For quite a long time, the Ministry of Communications and Transportation had kept here over 200 precious relics destined for a future communications and transportation museum of Vietnam. Most items were considered sacred and priceless, such as an original hand-written letter of President Ho Chi Minh to the youths of the communications and transportation sector, a wristwatch presented by Uncle Ho to heroine Nguyen Thi Kim Que, and a tape recording of President Ho's instructions on the occasion of his visit to the convention on safe communications in the resolve to defeat the American invaders in 1966. All the same, when a dwelling was needed, the museum items had to go! (After six moves, those invaluable relics are currently stacked in a corner of a house at 61 Ham Long, No 11.) A two-story house was rapidly built. After the personal amenities were completed (all four rooms had attics and special stairways leading to a terrace with railings all round) the new master of 56 Dai Co Viet appeared. Who was he? Royally occupying the whole second floor was deputy head of the ministry Nguyen Van Vinh!

It must be emphasized that upon their promotion as deputy heads of the Ministry of Communications and Transportation, Comrades Nguyen Van Vinh, Le Kha, and Bui Danh Luu had been assigned new housing by the city in accordance with their rank. Comrades Vinh and Luu were given a four-room suite in the Back Khoa collective residential complex, and Comrade Kha got the same treatment at the

North Thanh Xuan complex. Only Comrade Bui Danh Luu, currently head of the ministry, still resides at the Bach Khoa collective complex. Deputy heads Nguyen Van Vinh and Le Kha, in spite of the fact that they had obtained housing through a lease agreement they had signed, still moved heaven and earth to get a more attractive place to live as mentioned above.

It is not redundant to indicate that all the above maneuverings happened when Dong Si Nguyen was still the head of the Ministry of Communications and Transportation.

That was all that occurred. Not a grand event nor a very abnormal anecdote. It all boiled down to a couple of housing units. But why did such a not-so-big affair trigger widespread discontent in the ministry and the sector? In this period of time when the country still experiences scores of difficulties, all of us would share in the joy with a friend or a comrade when he receives the key to an apartment unit offered by social welfare. But we cannot close our eyes if that person abuses his authority or uses crooked means to get privileges and benefits. In this case, both comrades deputy heads Nguyen Van Vinh and Le Kha had been assigned housing units according to their rights. The elimination of the Ham Long guest house and the Dai Co Viet museum relic storage was absolutely unnecessary, and by the same token, remodeling an office building and a storage facility to make residential units was unlawful. Up to now, the Ministry of Communications and Transportation has been unable to renew the lease agreement with the Housing and Land Management Authority. And the projected four-story building at 61 Ham Long is still in the planning stage! (Ironically, because there should be a resting place for people coming to the ministry on temporary duty, the elimination of the Ham Long guest house triggered a chain reaction, causing the Transportation Enterprise No 14, a business unit which badly needs a central location to deal with its customers, to be relegated from its existing location at 83 Ly Thuong Kiet to Vinh Ho in order that the Ly Thuong Kiet facilities can be transformed into a small guest house with far fewer amenities.) Was that the last move in the long, crooked scheme to misappropriate the Ham Long guest house?

The above was only one facet of the problem. The remodeling of the Ham Long guest house also contained other questionable matters that pertained to the use of cash contributions and collective properties. How much money was given and how many in-kind contributions were made by local organizations and how were those materials used? Many questions may be asked: the four-story building project was dropped, therefore, where did the capital earmarked for it go? With regard to straw mats donated by the Thai Binh communications and transportation department, why did Hoang Nghia Khanh, chief of the project construction bureau (usually called Bureau 82) who was concurrently deputy office director of the ministry, transfer them to the management bureau and subsequently give them away to his office employees? Likewise, lumber given by the Dac Lac department was transferred to the management bureau: how was it used? After the remodeling, where did appliances, equipment, and other activity aids destined for a large dining hall that accommodated 400 to 500 persons go? In addition, the trade and sale of construction materials, which defied all principles, showed irrational figures to the point of being ridiculous!

A sum of 60,000 dong was spent to tear down certain structures, but only 18,000 dong worth of materials were recovered! It is clear that this is one of the lingering issues that the worker inspection group of the Ministry of Communications and Transportation needs to elucidate.

At the union convention of the Office of the Ministry of Communications and Transportation held in June, the housing issue, including the cases of the Ham Long guest house and the 56 Dai Co Viet house, was brought up by many representatives, and motion was made that questionable cases must be reviewed. Speaking at the convention, a ministry deputy head spoke beautifully about the need to strengthen educational activities to promote love and to support one another in order to solve the housing problem. As a representative attending the convention, my friend Tran Van acknowledged the advice and subsequently wrote in GIAO THONG VAN TAI: "The advice deserves to be taken by various levels of the union and made part of the educational topics intended for workers and employees. However, in order that the teaching effort will be truly successful, I think we ought to identify the people who need to be educated. They obviously are not those who, with their four- or five-person families, have to live in a space not larger than 12 square meters. They are neither the dwellers of rundown apartments who have to wake up whenever it rains to cover their beds with plastic sheets, let alone the fact that those decrepit apartments are flooded with sewer water when the rains are heavy. Therefore, who are the people to be educated? We must choose the right ones in order that the educational work will reach out to the grassroots. In the current phase of criticism and self-criticism, any voice raised that straightforwardly fights for justice contribute to that educational effort."

Corruption Abounds

Hanoi LAO DONG in Vietnamese 21 Aug 86 pp 3, 7

[Article by Nguyen An Dinh: "In Light of the Inspection Conducted at the Tran Hung Dao Engineering Plant: The Truth As Shown by Documentary Evidence; Skimping on Workers' Wages and Bonuses; Open Bribery Through Bureaucratic Procedures; Union Organizations at Basic Level Intimidated, Withdrawn"]

[Text] Editor's note: The Tran Hung Dao (Hanoi) Engineering Plant has a glorious past. Created in April 1947 in the deep forests of the Viet Bac resistance zone and placed under the leadership of the "Elderly Brother" (i.e., the late President Nguyen Luong Bang), the plant has the honor of being one of the first industrial facilities built by our party, and it made a valuable contribution to the resistance against the French invaders. Back in Hanoi, with the support in material supplies, equipment, and technical know-how of the Soviet Union and other brotherly socialist countries, the plant became a leading unit in the group of engineering enterprises, manufacturing diesel motors and accessories for internal combustion engines, automobiles, and tractors. The plant was also one of three units selected as testing sites for the management improvement of state-operated industrial enterprises. It was regrettable then that while the national economy faced many complex problems, the economic and financial management of the plant in the 1980's showed many gloomy predicaments. Almost all the foundations of discipline and smooth

operational traditions, painstakingly built up over the years, were ruined, and management quality was declining, adversely affecting production. In 1983, an inspector from the Ministry of Finance made a detailed report on the deficiencies in the economic and financial management of the plant. Since then, not only have the deficiencies not been corrected, but they continued unabated and even became more serious and systematic, affecting the totality of the economic and financial management system.

Printing this article on the occasion of the commemoration of the August revolution is the last thing to do. But if it is indispensable to preserve the glorious traditions of the plant as well as address the new needs in building a stronger and wealthier nation, we have to recognize our mistakes in the economic field and to assess them in an exacting, objective, and honest manner. Obviously, recognizing mistakes is but the first step of the reorganization effort in order to advance with a new vigor and confidence toward the Sixth National Congress of the party.

While regarding this investigative article, the reader is requested, in the first place, to remember the names and former positions of the following persons: Nguyen Ngoc Tran, director; Dinh Quang Chap, deputy director; Duong Hoe, secretary of the party committee; Pham Minh Nguyet, secretary of the union; Dao Trong Binh, chief accountant; Dang Thuy Thao, deputy chief of the accounting bureau; Pham Tran Phong, chief of the capital construction bureau; and Nguyen Van Hoc, deputy chief of the capital construction bureau. There are many reasons for this request. First, the names of the above individuals will appear in almost all the facts and issues reported in this article and, second, they also appeared in almost all important documents. Because of space limitations, from here on, we will use only their first names and will omit their last names and titles whenever there is a need to refer to those individuals (the same way those names appeared in scribbled cash receipts).

Now, let's talk briefly about the stacks of evidence comprising thousands of original accounting documents and tens of case files in order to get a general idea about the mistakes made in the economic and financial management field of the plant from 1983 until present. Most visibly noticed is the fact that accounting figures showed in ledgers and recapitulation reports were willingly and professionally falsified and doctored, falsely reflecting the plant's production and business activities. (According to an inventory report dated 1 October 1985 of semi-finished products, the face value inventoried was 5,426,572 dong; an entry was made in the general ledger but subsequently altered to read 4,040,547 dong, leaving 1,386,025 dong worth of semi-finished products unaccounted for.) Professional tricks were also used to cheat higher echelons and the state, namely in the form of untrue recapitulations and false reports. (In order to provide a set of false product costs, the accounting people falsified expense figures and product costs by the following stratagems: crediting some of the production expenses to other sources of capital by way of increasing expenses charged directly to the budget, reducing expenses on enterprise management cost, charging low social insurance rates, and making accounting adjustments in ledgers to bring down operating expenses and hence business losses.) The most serious violations occurred in the field of accounting documentation procedures. The number of unlawful documents and others not

established in accordance with regulations was pretty high. The totality of income and expense cash documents, advance payment documents, and reimbursements of advance payment documents did not bear the signature of a unit commander required for approval of those expenses. One fourth of income and expense cash documents did not bear the signature of the payer. Twenty-six percent of the income and expense cash documents did not bear the signature of the chief accountant or his deputy. Falsifying signatures on accounting documents was very widespread and took place over an extended period of time. (In 1985, Bui Ba Hong, a supply cadre of the material supply bureau, on his own made advance payments and reimbursements totaling 200,000 dong. Hong later confessed that he had fabricated documents and falsified signatures in over 50 percent of the payment documents. On only one payment voucher for transporting 100 tons of cast iron from Haiphong, Hong fraudulently obtained 10,000 dong. Nguyen Van Hoai, a cadre of the KTCB [capital construction bureau], confessed that he had fabricated documents and falsified signatures in over 80 percent of the documents.) In many instances, accounting documents were doctored to bear an appearance of legitimacy in order to conceal wrongdoing, the purpose of the accounting operation contradicting the original economic activity. The following are a few examples: for the purchase of spongy silk, a check was written for the purchase of labor protection items. A check was made for the purchase of a radio-cassette player, but in the bank ledger, the transaction was entered for the repair of the Sam Son rest and recreation house. An invoice for the purchase of ceramic tiles from the Thanh Tri ceramic and porcelain enterprise (10,000 tiles times 6 dong per tile = 60,000 dong) was a totally false invoice because the enterprise had neither produced nor sold ceramic tiles. In 1985 and 1986, there were as many as five phony slips delivering 100 tons of cast iron.... The wrongdoing in terms of accounting documents at the Tran Hung Dao Engineering Plant was extremely serious and long lasting. It ruined the basic foundation of economic accounting. It was not only the cause of economic and financial losses for the plant but was the premise for the degradation and corruption of many management cadres.

In addition to the mistakes in accounting, other mistakes in the economic and financial management field at the Tran Hung Dao Engineering Plant were extremely grave. The plant signed many economic contracts with state-operated and collective economic units, but most of them contained loose clauses, prices were not rationally computed and not approved by an authorized agency, and in some instances, some contracts were not sent to a financial agency or to the bank. Some other contracts were totally unlawful because they were not approved by unit commanders and acknowledged by chief accountants, yet they were carried out and payments were made. Most seriously, such contracts used to be made with cooperative and production groups. Payments were not updated and monitored, resulting in overpayments in certain projects (5,000 dong was overpaid in the construction of a fence, and 41,000 dong were paid for nothing). In other projects, final payments were made without the work being done. With regard to projects in progress, payments were exceedingly slow and not thoroughly made, causing losses to the plant (losses of 68,000 dong in a cement bagging contract, of 95,680 dong in the purchase of ceramic tubes, and of 11,000 bricks in an exchange of the latter for coal). In addition to mistakes in property management (such as unlawful establishment of transfer reports of fixed properties, alteration of expense documents, fraudulent or fabricated declaration in

restoration work, and loose management of material supplies), mistakes were also made in financial management. Use of capital and of sources of payment and cash income and expense transactions were not controlled and strictly monitored. Large sums of cash were disbursed without expense vouchers. (In April 1984, union secretary Nguyen disbursed 170,000 dong from the canteen fund to make personal loans to some individuals. At another time, Nguyen withdrew 23,000 dong from the secondary production wage fund without an expense voucher). Advance cash payments were made at convenience even to outsiders, with large amounts involved. (In November 1985, Nguyen Trong Nhat made three advance payments totalling 630,000 dong. In 1 day, Nguyen Van Ngu made three advance payments totalling 62,880 dong). Advance payments made with the surplus fund and not repaid amounted to 703,467 dong as of 31 December 1987 (including 357,530 dong owed by Nguyen Trong Nhat alone). Meeting and guest entertainment expenses were astronomical: 600,000 dong in 1984 and 483,000 dong in 1985. It is also noteworthy that management expenses of the plant increased every year and reached 28 million dong, taking up 26 percent of production general expenses.

In terms of capital construction, the constructive of a five-story residential building at the Tho Lao grade alone showed grave mistakes. The contract was signed prior to the approval of the project draft by an authorized agency. Contract prices were randomly set, and construction volumes were not defined throughout the price change periods, resulting in an incorrect computation of project prices. Projects were noted as being pre-reception tested and received when an important volume of work was still not completed. In one instance, 6 to 7 months after a false pre-reception test, a large amount of material supplies was allocated: 23 tons of cement, 10,000 ceramic tiles (equalling 30 percent of the total needed for the whole project), 33,000 bricks, 126 kg of paints, and all the electrical supplies. What were these material supplies used for? This did not include scores of phony construction projects that were listed in the final accounting report (a water tank on the ground floor costing 129,840 dong, 40 electric meters, a water pump, 30 square meters of glass, 403 square meters of hollow bricks, etc.)

The above is a quick glance at the various aspects of management. Behind this setting, where original accounting documents went berserk, were many human faces different in shape but having a common goal: to take advantage of every opportunity to steal socialist properties and to skimp on workers' benefits. The following are some examples. On just one trip to attend the grand opening of the San Son rest and recreation house, the Tran, Hoe, Nguyen, Loi, Phong, and Binh groups spent a per-capita amount of money equality 4-5 months of each persons' pay, including food items allocated and carried along, per-diem allowances, and entertainment bonuses. On the occasion of the 1985 lunar new year, each worker in the plant was allowed the purchase of 2.5 kg of pork. Tran, Chap, Hoe, Nguyen, Binh, Toan, and Loi were allowed to buy 22.5 to 33 kg each at 50 percent of the price charged workers. Moreover, to pay for the extra meat, Chap wrote up a decision to give a "new-year bonus" to those individuals, which decision was approved by Tran, and each got 1,000 dong, enough to pay for 20 kg of pork. In addition, based on partial statistical data, almost all project bonuses were awarded to the same individuals. In the construction of a five-story building, a first bonus was awarded: 2,000 dong to Tran, 2,500 dong to Chap, 1,600 dong to Binh, 1,600 dong to Thao, and 500 dong to Nguyen. Second bonus for the same

construction: 7,000 dong to Tran, 7,000 dong to Chap, 7,000 dong to Binh, 7,000 dong to Thao, and 7,000 dong to Nguyet. Bonuses for the consumer cooperative: 2,000 dong to Tran, 2,560 dong to Chap, 2,850 dong to Loi, 4,000 dong to Thao, and 4,600 dong to Nguyet. Taking also advantage of the construction of the same five-story building, the same group nibbled at state money by scores of allowances for work not defined in their job description (concurrent supervision in capital construction, worksite allowance, shift allowance, and worksite equipment). Under the above forms of allowances, Tran, Chap, Loi, Binh, Thao, etc. received each month an average amount of money equaling 1.23 to 2.3 their base pay.

In the meantime, how were the blue-collar workers, the direct contributors of labor, remunerated?

In recent years, the Tran Hung Dao Engineering Plant adopted the end-product contracting system for each of its elements and each workshop. Wages for the teams and for each workshop were computed by the labor and wages bureau on the basis of production standards, wage unit price, and the volume of finished products. The accounting bureau had the responsibility to pay units. The calculations and actual payment of wages for each worker were done by each workshop where, for that purpose, certain employees did accounting work or were cashiers. Workshop supervisors had the additional authority to pay their workers and give them bonuses. In the plant's accounting files, there were no final lists of workers bearing their signatures for the wages and bonuses actually received. The accounting bureau was not able to produce an update of such lists.

Those were blatant violations of the principle of paying the worker directly and of the basic regulations pertaining to the organization and activities of state-operated industrial enterprises. The wrongdoings impeded the right to ownership of the workers. The establishment of an intermediate mechanism at the workshop with all the powers--determination of contract price unit, award of incentives, authority to disburse cash, wage payment, and finally the right to skim on all those monies--was totally unlawful.

As a sample, an inspection conducted at Engineering Workshop No 2 in June 1985 on wage payment showed the following: wages actually paid workers accounted for only 27.6 percent of the total wage amount received from the plant, while the money retained as the workshop fund took up 23.9 percent. The awarding of bonuses was extremely irrational: a direct production worker was awarded an average of 199.4 dong, while a management cadre received 464.3 dong. The bonus awarded to the most outstanding worker (Comrade Son) was 395 dong while the bonus that supervisor Nguyen Van Duoc gave himself was as high as 1,304.5 dong.

Here a question is posed: why did those mistakes repeat themselves several years in a row, become more and more serious, and systematically invade almost all fields of management in a plant situated right in the heart of the Hanoi capital? The causes were many, but on this paper which airs the voice of the worker class, it is to be emphasized that one of the primary causes was the fact that union organizations at the basic unit were intimidated and played a more and more low-key role. Being representatives to protect the legitimate

rights of the workers, union cadres such as Pham Minh Nguyet and Nguyen Duc Huy were involved in unjust distribution practices and divided among themselves, the leadership cadres of the plant, a lot of goods and monies. On the other hand, they have shut their eyes in front of all the breaches and violations at the expense of the workers' rights and benefits, pilfered and skimmed on their properties, and infringed on the right to ownership of the workers in production as well as in livelihood.

It is impossible not to pose the following question: To what extent did the responsibility of the related ministry go? The Ministry of Engineering and Metallurgy has failed to enforce strictly the system of permanent and periodic inspections of the accounting apparatus (stipulated in Decision No 33-TC/CD-Kt dated 14 January 1984 of the head of the Ministry of Finance). Recommendations submitted by an inspector of the Ministry of Finance regarding the mistakes made in the financial management field of the plant since 1983 were not taken in a severe enough manner by the related ministry. At the Ministry of Engineering and Metallurgy, did functional departments know about this situation, or did they willingly keep their mouths shut, causing the damage to linger unchecked and the seriousness of the violations gradually to slip out of hand? The list of persons awarded bonuses per expense voucher No 217 signed on June 1985 was indicative of the extensive relationships between the Tran Hung Dao Engineering Plant and many key cadres of the Ministry of Engineering and Metallurgy.

On the list, the names of individuals awarded in-kind bonuses (valued at 7,000 dong) and cash bonuses (2,000 to 3,000 dong) included the head of the ministry and key cadres of the department of finance, planning, and capital construction. Expense voucher No 211 dated 28 April 1985 also revealed another list of cadres of the Ministry of Engineering and Metallurgy awarded 1,000 dong each by the plant. What kind of bonuses were those? They were the sixth of a series of bonuses given for the construction of a five-story building alone. The total went up to 208,500 dong. We knew that workers directly doing construction work were awarded a meager total of 10,000 dong. Therefore, there is no doubt whatsoever in our minds that this was a form of collective bribery camouflaged and made legitimate by administrative procedures. It would be easy to understand then that after such a "generous socialization," people used to shake hands in a very thankful manner and the talk was much softer and more conciliatory than usual.

Behind the documentary evidence, the truth has come to light and enabled related management agencies, workers, and union cadres to ponder the issues and rekindle their sense of responsibility. I commend the control committee of the Ministry of Finance headed by Dang Van Thanh, M.A., for having courageously and patiently worked long days to bring to light the weaknesses. The committee's findings have been of great help for us newsmen in airing facts and issues which embodied many valuable lessons.

Criticism, Self-Criticism of Press

Hanoi LAO DONG in Vietnamese 3 Sep 86 p 7

[Article by Le Dien: "Criticism on Press: Details Should Be Given on Facts, Names, and Addresses of Persons Involved"]

[Text] A few minutes before receiving the comrades from the Ministry of Communications and Transportation for a work session, Xuan Cang, the general editor of LAO DONG, handed me a stack of readers' letters and stated briefly: "When we opened the forum 'The Voice of the Grassroots,' we had to suggest to the readers what to write and painstakingly campaigned for it, and yet we did not have enough response. Since we started the 'Workers Forum for Party Building' over 2 months ago, we have received 380 letters, not including readers who went directly to the office to air their suggestions. Many friends let us know that they had written to many party committees and administrative and judicial agencies without getting any answers (or with some superficial responses) and that in some instances, inspection parties came to the basic units for investigation, but things did not budget a bit afterwards. They heartily wish that the press reflect their thoughts, aspirations, and confidence in the party. Almost all printed letters received comments and responses from either party committees or other readers. It has been crystal clear that open criticism with details on the person criticized and his address has instilled a new blood in our livelihood and reinforced confidence in our party and in the state."

As reflected in LAO DONG's recapitulation of 2 months of the workers' forum, I have noticed that in the first phase of the "Workers' Forum for Party Building," most correspondence dealt with uncovering wrongdoing and criticizing cadres and party members, although the readers may write on a wide range of subjects. Workers straightforwardly brought up negative acts such as taking advantage of one's vested authority for personal profit and generating unlawful income by dishonest or crooked means. The most widespread occurrences have been skimming on state goods, exploiting loopholes in distribution procedures for personal gains, bribery, and siphoning off state goods to dishonest merchants for profit. Sophisticated schemes were used, but sometimes wrongdoers were bold enough to act bluntly and almost publicly without caring to conceal their deeds. Certain big shots daringly moved in fashionable villas to live without a right to do so. Fancy restaurants with questionable sources of capital sprang up from vacant lots where cranes and bulldozers, coming from nobody knows where, were busily leveling the ground or helping put the roof on. In Viet Tri (Vinh Phu), there was a street named "Street of the Mandarins." In the port of Haiphong, blackmail has become a standard procedure. Rumors circulated about all kinds of prices: a price for job at an enterprise or another for going abroad. In order to carry out those intriguing schemes, wrongdoers ganged up with higher and lower echelons for self-protection, abused the incompatible, and tried to mute criticism.

Reading between the lines of the letters sent to LAO DONG, I could see that the authors must have gone through sleepless nights to ponder the problems and take their courage in both hands in deciding to write. The letters reflected

their sincerity, straightforwardness, and the true conscience and sense of responsibility of the workers for their party.

Subsequent to those letters, LAO DONG sent cadres to basic units for further investigation and reports, aiming at contributing to the fight against negativism, at strengthening revolutionary morals, and at improving the economic management system. Readers warmly welcome the series, especially the two articles written by correspondent Nguyen An Dinh: "What Has the Guest House of the Ministry of Communications and Transportation Become?" in the 7 August 1986 issue and "The Truth As Shown by Documentary Evidence" in the 21 August 1986 issue about extortion and skimping on workers' wages and bonuses, open bribery through so-called administrative procedures, and intimidation and pressure exerted on the local union at the Tran Hung Dao Engineering Plant.

We all know that the plant is situated right in the heart of the capital of Hanoi and that it has the most glorious traditions. When the article was printed, the editor's note of LAO DONG read: "It is with reluctance that this article is printed in this cheerful atmosphere of the August revolution. It is indispensable that in recognition of the glorious traditions of the plant and in view of the new needs we are facing in building our nation, we recognize and assess our deficiencies on the economic front with due severity, objectivity, and honesty."

The article was welcome by the readership primarily because it was consistent with the party's policies and the people's will and also because it did not generalize and beat around the bush, but unequivocally reflected the facts. Wrongdoers were cited by name, even if it was a deputy head of a ministry who was absent without leave.

Some press agencies have been cognizant of the inspection conducted by a committee of the Ministry of Finance headed by Dang Van Thanh, M.A.: they knew that the team had painstakingly scrutinized the Tran Hung Dao Engineering Plant and uncovered wrongdoing perpetrated by the plant's leadership cadres and that it was hesitant to bring the matter to the press. Likewise, the Ministry of Engineering and Metallurgy wanted to solve the case internally.

After reading the article and chiefly after knowing the reaction of the readers, it is my belief that printing the facts in the press is beneficiary and there is no harm involved. The advantages are multifold: first, the worker who has read the article can realize his responsibility in the management of the enterprise and he knows that he cannot dodge this responsibility and stay indifferent to negativism; the leadership is reminded that it has to stay close to and monitor the grassroot units; and economists can learn valuable lessons on organization and management. If the matter had been internally solved, it could not have achieved satisfactory results. It could only be best and thoroughly resolved with input from public opinion and with an enhanced spirit of responsibility from the workers. I think it is most important for the press to weigh whether or not printing a fact serves the interests of the revolution and if in the affirmative, it must do so and should not blackout information or conceal facts under any circumstances, as Fusich, the renowned Czech newsman, wrote in his book "Written on the Gallows," which is considered his legacy

for future generations: "Optimism and confidence cannot absolutely be fostered by falseness but by the truth."

It is not until this current phase of self-criticism and criticism, in preparation for the Sixth Party National Congress, that criticism and self-criticism of the press have taken place. On 13 March 1972, the CPV Central Committee has already issued a directive pertaining to this matter. The directive affirmed: "Open criticism and self-criticism of the press that reflect the opinion of the masses are forms of democratic activity that are indispensable for the progress of the party, the state, and the people.... Any cadre, party member, and worker has the right to send to a newspaper an article criticizing an individual or organization and to request that it be printed, but it is the responsibility of the newspaper's editor to decide whether the material will be printed or not...." The directive also made it clear that criticism includes both commendations and critiques and defined five rules for criticism and self-criticism of the press:

1. To respect the truth;
2. To respect public interest and to be impartial;
3. To be rational while reflecting integrity;
4. To be constructive, to promote strengths, to overcome deficiencies, to correct weaknesses, and to aim at making progress; and
5. Not to divulge party and state secrets.

Criticism and self-criticism are democratic forms of activity. I hope and believe that this form will be expanded and will be consistent with the party's objectives and rules mentioned earlier.

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